

JPRS-CAR-89-071  
7 JULY 1989



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# ***JPRS Report***

# **China**

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# China

JPRS-CAR-89-071

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### Article Urges Standardizing Practice of Constitution, Law

HK2606040589 Beijing RENMIN GONGAN BAO in Chinese 13 Jun 89 p 1

[Commentator's article: "Standardize What We Do With the Constitution and the Law"]

[Text] Over the past month or so, the party and government have always fully affirmed the patriotic enthusiasm and good wishes of the broad masses of young students. At the same time, they have also pointed out that the measures and methods the students adopted were improper. This is fair and realistic. The only way we can show our love for the young students and to make a small number of bad people who want to create turmoil and hooligans who want to instigate counterrevolutionary riot unable to take advantage of our weaknesses is to strengthen the concepts of democracy and law, to standardize what we are doing with the Constitution and the law, and solve our problems in accordance with democratic and legal principles.

The weapons for unifying our thinking are the Constitution and the law. We would like to give some examples here to explain relevant stipulations in the Constitution and the law. This may be of certain help to unifying our thinking.

Article 35 of the Constitution says Chinese citizens enjoy freedom of procession and demonstration. At the same time, the Constitution also states a principle that must be observed by the citizens when exercising their rights; article 51 clearly stipulates that "the exercise by citizens of the PRC of their freedoms and rights may not infringe upon the interests of the state, society, or the collective, or upon the lawful freedoms and rights of other citizens." Article 2, Article 158, and Article 159 of the Criminal Law also stipulate that no one is allowed to disturb public order, production order, work order, teaching and scientific research order, or the order of the people's daily life by any means. However, in the recent student processions, although the motives of the students were good, since they disregarded the relevant stipulations of the Constitution and criminal law and violated the concrete regulations worked out by the Beijing Municipality or other places, the normal order of social and political life was greatly affected. In certain fields, the disorder was just like the Cultural Revolution. Obviously, the government cannot protect such processions that run counter to the Constitution and the law.

"Big-character posters," which were wantonly used during the Cultural Revolution and which became a right of citizens to use according to the Constitution at that time, have been discarded by the people because they brought great suffering to both cadres and masses during those years. On 10 September 1980, in accordance with the will of the people throughout the country, the 3rd Session of the Fifth National People's Congress adopted a "Resolution on Revision of Article 45 of the 'Constitution of the

PRC,'" which decided to abolish the stipulations on the "use of the rights of 'speaking out freely, airing views fully, holding great debates, and writing big-character posters'" in Article 45. This resolution, which was adopted by China's supreme power organ, is legally effective. Since the day it was promulgated, big-character posters are no longer protected by the law. Moreover, China's criminal law stipulates: "All actions such as instigating people to overthrow the proletarian dictatorship and the socialist system by means of counterrevolutionary slogans and leaflets or by other means, brazenly insulting others by means of violence or by other means, including 'big-character posters' and 'small-character posters,' or making up stories to slander others," are all violations of the criminal law. During this turmoil, some people put up big-character and small-character posters everywhere, wantonly insulting, scolding, and attacking party and state leaders and brazenly opposing the leadership of the Communist Party and the socialist system. This is a serious violation of the fundamental principles of the Constitution and the relevant stipulations of the criminal law.

In accordance with the stipulations of Item 16, Article 89 of the Constitution, the State Council decided to enforce martial law in parts of Beijing in order to stop the turmoil, eliminate the serious state of anarchy, and restore order in the capital. This was entirely legal, necessary, and correct. The exemplary actions of the martial law enforcement troops, armed police, and public security cadres and police won the enthusiastic support of the people. However, as the martial law was not yet strictly observed and there were still continuous processions, demonstrations, and sit-in strikes; as instigating speeches and leaflets spreading rumors still could be heard and seen everywhere and most tertiary education institutions had not resumed classes; and as a handful of people were still plotting in the dark, the turmoil was turned into a counterrevolutionary riot on 3 June. This was the first time that such a thing had happened since the founding of the state. The rapid suppression of the riot protected the dignity of the Constitution and the law and represented a great victory in resolutely stopping the turmoil and maintaining stability and unity.

Instigated by a very few people, law and order were seriously sabotaged in some parts of Beijing, where a serious state of anarchy existed. This is not allowed by the Constitution and the law. China's Constitution solemnly stipulates that all citizens are equal before the law. "No organization or individual may enjoy the privilege of being above the Constitution and the law." "All acts in violation of the Constitution and the law must be looked into." "All people must abide by the Constitution and the law in all their activities and must standardize their actions according to the Constitution and the law." They should never be allowed to disregard the law as some people did during the Great Cultural Revolution. Of course, we must make a strict distinction between the

broad masses of young students who lack political experience and are not familiar with the law and a very few bad people who have deliberately created turmoil and trampled on the legal system. The broad masses of young students, even if they made some radical remarks during the student strikes, will not be investigated. Although a handful of people who have instigated and created turmoil have verbally stressed the legal system, they have in reality not only trampled on the Constitution and the law themselves but have also instigated other people to violate the Constitution and the law. The broad masses of young students and people must maintain sharp vigilance against them.

### **Paper Views Democracy, Freedom**

HK2606080089 Beijing ZHONGGUO QINGNIAN BAO  
in Chinese 7 Jun 89 p 4

[Article by Qian Xiaoqian 6929 1420 5340: "Fragmentary Thoughts on Democracy and Freedom"]

[Text] The following newspaper report is worth pondering: One day last June, a young man from another place passed through a village in Guizhou. Falsely accused of being a horse thief, he was tied up by the villagers. When discussing methods of dealing with him, over 50 villagers unanimously raised their hands in favor of killing him. As a result, the young peasant was hacked to death with sickles (see RENMIN RIBAO on 20 February 1989). This was a savage act. If we analyze this event, however, we can say that voting by a show of hands among 50 or more people and acting according to the view of the majority of the people cannot but be regarded as a democratic method. But the outcome of this democracy was quite terrible and should be cursed. It robbed a person of his right to freedom of life. It may seem ridiculous to discuss the question of democracy in connection with this if it is viewed as an exceptional case. In fact, it is not so. We know that over 2,000 years ago, Socrates, the great philosopher and educator of ancient Greece, was also put to death by a democratic vote. This took place during a period of democratic politics in ancient Greece. The persons conducting the trial consisted of 501 Athenian citizens. Socrates' crime was that he had adopted a negative attitude toward things worshipped by the surrounding people and disdained traditional customs. Most of the people firmly believed that by trying Socrates they were fulfilling their duty to society and were removing the most dangerous element of the city's intellectual circle. The death sentence was the outcome of their vote by ballot (see "Tolerance" written by Fang Long). Let us take another look at the Great Cultural Revolution. The evil consequences of the Great Cultural Revolution and the trampling of people have now been recognized by all people. What would the result have been if we had voted at that time on whether or not to conduct the Great Cultural Revolution? Remembering people's frenzy at that time, it would be difficult to say that it would not have been approved.

Therefore, sometimes the key to the problem does not seem to lie in whether there is democracy but rather in whether democracy can guarantee people's right to freedom; if democracy cannot guarantee people's right to freedom, it may also turn into tyranny, namely, the "tyranny of the majority."

Democracy must guarantee people's right to freedom. Can democracy guarantee such a right to freedom? The answer is yes and no. As far as society is concerned, when people's right to freedom cannot be violated or taken away, and when this becomes the common understanding of the majority of society, democracy can guarantee freedom; when this common understanding cannot be defined, democracy is probably unable to guarantee freedom and, under such circumstances, it is entirely possible for a resolution to deprive some people's right to freedom to be made and implemented in a democratic way.

It should be pointed out, therefore, that the frequently repeated argument that "when there is democracy there must be freedom, but democracy does not necessarily come with freedom" is untenable. (See "Dialogue Between Wu Jiaxiang and Zhang Bingjiu" carried in GUANGMING RIBAO on 31 March 1989.) Hong Kong has been cited as an example to prove the latter half of this argument. But Hong Kong, with the social system and characteristics of a colony, can only be an exception, and it is difficult to use it as an example to explain other things. Do we have other examples besides Hong Kong? It is perhaps difficult to say if the phenomenon of freedom without democracy existed in Western Europe in the past or if it exists in Latin America, East Asia, and South Asia today. As for "when there is democracy there must be freedom," the writer did not give an example, but people can easily find examples to refute this point. Here, instead of repeating the example cited at the beginning of this article, I will take the United States as an example. First, before the 1960s, because of racial discrimination in U.S. society, black people were deprived of their basic rights to freedom and, therefore, the United States could not at that time be regarded as a country under a democratic system. If this example is still insufficient to explain the issue, let us look at another example. During the period of McCarthyism in the 1950s, the U.S. democratic system was not abolished, but the right wing forces represented by Senator McCarthy stirred up a social frenzy. They wantonly investigated and persecuted people of different ideas and faiths and harmed large numbers of innocent people. People's right to freedom was trampled underfoot, giving rise to a dark page in the modern history of the United States. (By the way, this historical fact also serves as an unfavorable example of attaching excessive importance to the role of market in the course of democratization and holding that after the market has fully grown, politicians cannot incite the people to a frenzy as long as there is no major turmoil in the market. At that time, there was no turmoil in the market, but the politicians really whipped up a frenzy.) We can only say at that time, there was democracy but no freedom in the United States.

Therefore, it is necessary to use another argument, i.e., freedom does not necessarily come with democracy but, when there is freedom, there must be democracy. Here I do not in the least belittle the pro-democracy views and their role in society, because freedom must and can only be guaranteed by democracy. The question is that democracy must be based on people's right to freedom and that it should guarantee this freedom. Only when there is a democracy which truly guarantees people's right to freedom will there be sound democracy. Otherwise, even if there is democracy, we cannot avoid very messy consequences.

#### **Article on Political Modernization**

HK2606091589 Beijing JINGJIXUE ZHOUBAO in Chinese 4 Jun 89 pp 7, 6

[Article by Sun Liping 1327 4539 1627: "On Political Modernization"; first paragraph is JINGJIXUE ZHOUBAO introduction]

[Text] Political modernization is an important component of overall social modernization. Especially, in studying the process of modernization of developing countries, people often show greater concern over political modernization. For developing countries as subsequent modernized countries, modernization is not a process of innate and natural evolution. Instead, it is a process of compelled introduction of things from outside. The great contrast between the lack of domestic modernization and introduced modernization factors determines that we must have a set of modern and, at the same time, powerful political systems to safeguard the realization of modernization. Therefore, as far as the actual process of modernizing developing countries is concerned, there is always the need to first carry out a political reform, thus creating a fundamental prerequisite for overall social modernization.

As far as the process of realizing modernization in western developed countries and some developing countries is concerned, political modernization generally covers the following:

#### **1. The unification of the state, the formation of a modern nation, and the establishment of a powerful central regime.**

As far as most countries are concerned, unification of the state and the formation of a nation [as published] are the most primary conditions for modernization. Given no unification, we cannot concentrate the whole nation's manpower and material resources on the key links of modernization. Given no unification, there would be the establishment of separatist regional regimes, thus throwing the country into turmoil. In most of the countries in Western Europe, as early as several centuries before modernization, this task was realized by the feudal government. (For countries not being able to solve this problem, such as Germany, modernization was delayed.) Many developing countries realized this task through anti-imperialist and anti-colonialist national liberation

struggle. But the unification of the state is still the initial prerequisite, as far as modernization is concerned. In order to really begin and promote modernization, there must be established an effective central government. This means the establishment of a real political community, with the degree of government control increased and administrative organ efficiency strengthened.

#### **2. The breakup of the political structure.**

Most of the modernization-related theorists and development-related students of politics treat the breakup of the political structure as one of the important indicators of political modernization and political development. Generally, the more divided the political system the higher the degree of modernization. In the political system of traditional society, there were very few specialized ramifications of a structure. A small number of structural entities were always allowed to comprehensively assume many functions yet to be divided up. Political modernization means that past limited comprehensive structural entities must be divided into many branched structures relatively independent of each other, including the legislature, the judiciary, the administrative organ, political parties, pressure colonies, mass media, and so forth. These branched structures discharge their respective duties and act in coordination with each other functionally. The breakup of the political structure has the following role to play: first, specialized branched structures can realize their own functions better than comprehensive structures, thus raising the efficiency of the political system; second, a structural breakup allows the establishment of the relationship of checks and balances, with power restraining power, thus preventing the abuse of power, to a certain degree, and preventing the political system from departing too much from social justice.

#### **3. Putting political authority on the basis of legal principles and political activity on a worldly and rational basis.**

Fundamentally speaking, political modernization is a process of continuously replacing traditional politics with modern rational politics. This first finds expression in a legal basis for authority. Well-known German sociologist Webber held that the legality of authority derives chiefly from three sources: a) traditional recognition (authority of the traditional type); b) an individual's special qualities and outstanding abilities (authority of the inspiratory type); c) rational choice by society and recognition by the legal system (legal authority). Under different historical conditions in different eras, the source of legality of a regime is different. Generally speaking, in traditional society, the former two sources occupied the leading position. In modern society, the legal basis is playing an ever important role. This is to say that in the process of political modernization, legal authority is gradually replacing traditional authority and inspiratory authority. Meanwhile, all the mystery surrounding political activity is dispelled, so that it becomes a kind of open and unconcealed social activity. From the establishment of political organs to the

change of government personnel to major political decisions—this must be realized through fixed procedures. Political activity will become an open, regulated and programmed action. In this process, the relationship between power and law undergoes a fundamental change. Law is no longer subordinate to power. On the contrary, the use of power must be based on law. The institutionalization of political life becomes the basis for putting all social life on a legal basis.

#### **4. The degree of democratization, or political participation is raised.**

As far as political participation is concerned, people can see an obvious fact. The more traditional a society the more likely is political activity to be the monopoly of a privileged class and the lesser is the ordinary people's concern over politics. Political modernization finds prominent expression in the increased degree of mass participation in politics. Its concrete manifestation is: a) an increase in the number of people involved in political activity, with more people expressing their own political demands, or participating in the decisionmaking process through voting, political parties, pressure groups, public opinion, demonstrations, and other ways; b) an enlarged scope of participation in things, or a show of concern, from personal problems to regional and national problems to international problems, or from localism to nationalism to cosmopolitanism. The increased degree of political participation means the diffusion of political resources and the disintegration of political power. Meanwhile, it also means a shift in the focus of power, and the stimulation of an increased degree of government under given conditions. In the latter sense, mass participation means strengthened ties between the government and citizens.

If the above summarized contents of political modernization are taken as a basic framework and a starting point in analyzing the current situation about our political modernization and analyzing the reform of the political system, we may perhaps obtain some meaningful conclusions. In this respect, there are at least the following several problems worth people's attention:

*First, the efficiency and authority of the central regime's rule.* What sets China apart from modernized and non-modernized countries is that she has a time-honored history of rule by a large, unified, despotic regime. In that period, a splitup situation, as represented by the saying, "a long period of integration bound to be followed by disintegration," appeared, but it lasted only briefly. Generally speaking, such despotic rule was effective. But at the end of the Qing Dynasty, the intermingling of various contradictions and the demands of modernization determined the inevitable fate of doom for such feudal despotism. But after the revolution of 1911, there was a failure to establish a central regime setting the promotion of modernization as its own task. One militarist after another organized a government, but without being really able to realize the unification of the state. This was perhaps one of the direct causes of

repeated failures in the modernization effort in the contemporary history of China. Only in 1949 was there a fundamental end to this situation. In the 30 years since the founding of the PRC, a highly concentrated planned economy and highly concentrated political power, combined with the formation of highly unanimous ideology, have made for the inviolability of rule permeating through every corner of society. This situation has become a serious obstacle to modernization and development. But people have not pinned high hopes on the end to this situation in a short period of time. Even well-known U.S. statesmen have treated a socialist country of our type as a typical example that can successfully exercise social control and establish effective authority. But the development of history is often dramatic. After 10 years of reform, people have suddenly discovered a situation never expected before: People's recognition of the regime has been continuously declining. The credibility of party, government and other leaders is very much unlike that of before. The art of resisting government policies and decrees has reached the acme of perfection. The central government's major decisions on national planning and the people's livelihood have not been smoothly carried out. What is the nature of this phenomenon? Those launching an attack say that that is a chaotic state caused by 10 years of reform. Those defenders say that this is a normal phenomenon that has appeared with the smashing of the political system of highly concentrated power. In fact, things have been put in over-simplified terms with these two views. What they have in common is to treat this phenomenon as an outcome of 10 years of reform. Actually, the appearance of this authority crisis has more deeply rooted backgrounds and causes. As mentioned above, political modernization is a process of legal authority continuously replacing traditional authority and inspirational authority. But in the actual process, simultaneously with the continuous weakening of authority based on tradition and individual inspiration, we cannot definitely establish appropriate legal authority. Thus, there would form an authority crisis, or an authority "vacuum." The current conditions of our country are generally like this. From the historical point of view, we may perhaps say that we are now witnessing a transition from a period of heroes to a period of ordinary people. From revolutionary war in the country to the war of resistance against Japanese aggression, and from the war of liberation to the war to resist U.S. aggression and aid Korea, the stage of terrifying war created numerous epoch-making heroes. Their legendary experiences and the abilities and talents displayed by them in war vested them with the unique drive to conquer people. These persons later became the first generation of leaders of the republic. Their authority and influence are closely linked to that particular period. But that period is a thing of the past. With the successive passing away of the leaders of the older generation, the continuous weakening of authority of the government is natural. In addition, the watering down and decline of ideology and the phenomenon of ever-spreading corruption in officialdom have undoubtedly played a role in further exacerbating this authority crisis. From this, it

can be seen that the appearance of this authority crisis is natural. Given no reform, it will also appear. Reform only accelerate its arrival. To overcome the authority crisis, we can also only place hopes in reform. No matter what, the period of heroes arising is gone. It is also definitely impossible to restore an effective unified mass ideology. A new kind of authority is forming. There is the need for a new basis. This new basis means rational choice, due process of law, and the process of democratization. President Bush lacks the personal style of former President Reagan. But his earned authority is likely to be greatly different from Reagan's. The authority of the two is based on law and rationality. It should be said that the establishment of a new basis for authority is at present an important task in the reform of our political system.

*Second, the political structure not divided enough internally.* In China's feudal society with a history of as long as 2,000-odd years, power was highly concentrated. All power was held in the hands of the emperor. The emperor represented everything. The breakup of such power started brewing only at the end of the 19th century and in the early part of the 20th century. This budding idea first appeared in the Constitutional Reform and Modernization Movement at the end of the 19th century. In the preparations for the establishment of a constitutional government in 1906, the principle of separation of powers—executive, legislative and judicial—was clearly put forward. Later, a nominated advisory council was established as a parliament predecessor. The new government after the western pattern established after the Revolution of 1911 gave clearer expression to this principle. But history did not follow this road. Only after a new political community such as the PRC was established was it possible to again put forward this task. But because the leadership system formed in war was borrowed in its entirety after the founding of the PRC and, at the same time, also because of one-sided criticism of the principle of separation of three powers in Western political thinking and one-sided emphasis on unified party leadership, the formation of a political system with highly concentrated power and an extremely low degree of differentiation resulted. It found most prominent expression in non-separation of party functions and government administration, non-separation of government administration and enterprise (economic) management, and no independence of the legislation and of the judiciary. Leaving alone the color of ideology, it can be said that this is the political system of a very typical traditional society. Many defects in the 40 years of our political life have to do with this political system: 1) There is no separation of party functions and government administration, with the party replacing the government. In introducing the system calling for unified party leadership and "party branches built on the basis of company units," the concentration of power actually means its being concentrated in the hands of the party, with the party taking care of many things that should have been classified as administrative and social things. This has not only caused a mixup in functions but, more

important, led to structural chaos. Since the introduction of reform, things in this respect have taken a turn for the better. But whether in theory or in practice, this problem has not been thoroughly solved. 2) Government functions are not clearly defined. In other words, the government does not know what it itself should do. This is so, because apart from the non-separation of party functions and government administration, a more important reason is that in the 30-odd years since the founding of the PRC, we have never recognized a fundamental principle of modern politics. The principle is that the functions the government can assume are limited. These limited functions include policy-related regulation of economic and other aspects of social life, construction and protection of public facilities, the organization and implementation of social welfare and social protection systems, the formulation of comprehensive plans for social development, and coordination of relations in various respects. But in our country, the government is an organ that has a hand in everything, and exercises direct control. Everything is controlled from economic activity and the political movement down to the people's daily life and even direct "involvement" with the dress or headgear fashion, the length of hair, the height of shoe soles, matters of divorce and adultery, and so forth. The result is that things that really need to be handled by the government have not been done well. 3) In the system involving a low degree of differentiation, various branch systems lack conditions for independent operation. This finds prominent expression in no independence of the legislature and of the judiciary and the imperfection of the social legal system. For how many years, have people been debating the point about power or law being the greater. In fact, law in itself is also a kind of power. The problem is whether party power and executive power can prevail over law. In our country, for how many years has our legal system been all along subordinated to the party and the government. Verdicts on criminal cases must be approved by party organs. Law enforcement and judicial officials are controlled by party and government departments. If a law is offensive to the party and the government, it itself is untenable. Due to the imperfection of the legal system, with a law not followed where it exists, the phenomenon of bending the law out of personal considerations has become nothing strange. 4) Given no checks and balances, the phenomenon of power abuse and corruption cannot be checked. Large hosts of facts seen and heard in the 40 years since the founding of the PRC have made people understand that we cannot pin hopes for honest government on certain awakening or consciousness, structure or system. The absence of checks and balances will naturally lead to the abuse of power and universal corruption. We cannot have checks and balances, because first, there are no independent legislative and judicial powers. Second, there is no independent system for party discipline and administrative discipline inspection. Third, there is no independent public opinion. 5) Organizations are overstaffed, with a superfluity of workers. Because government organ functions are not clearly defined, with too many functions assumed, there are naturally complicated and bloated



organizations. If anything is to be taken care of, an appropriate organization must be set up. The more functions assumed the greater naturally is the number of organizations. The prerequisite for streamlining organizations and simplifying administration is "a reduction" in government functions. The slogan about simplifying administration has been shouted for several decades (starting with the Yanan era). But the more effort toward "simplified" administration, the greater the number of organs and workers.

*Third, given the low degree of democratization and no chance for the assumption of power by the elite, the masses lack the opportunity to participate in politics.* For several decades, the political principle hitherto followed by us is so-called "democratic centralization or democracy under centralized guidance and centralization based on democracy." On the surface of it, this seems to involve something dialectical. In fact, it is the height of absurdity. So-called democratic centralization involves only democracy in name and in form. Actually, it is centralization and despotism. Thus, there is a great contrast between our theory and practice. On the one hand, we have theoretically all along stressed that we have democracy more comprehensive than that of capitalist society. On the other hand, we have even very little of the most fundamental form of democracy. (With no form, how can there be content?)

But in analyzing the current situation about our political democratization, we must take note of a viewpoint that must be seriously approached. This viewpoint holds that as a latecomer modernized country, China at present still has not conditions for democratization. Moreover, to promote economic growth, we should adopt certain despotic means. The "four little dragons" of Asia provide proof. We consider that the pattern of "four little dragons" has certain conditions as a prerequisite. No such conditions exist in our country. Conditions for the "four little dragons" despotism being capable of promoting economic growth" include: 1) The duality of economics and politics. It is despotic and centralized politically. But it is free economically. There exist a free-enterprise system and a free market. 2) There is an American background internationally. This can have an effect on domestic democratization, to a certain degree. When the government becomes corrupt and impotent, it can be replaced, with the United States coming forth. 3) There is the need for an independent level of thinking to carry out the function of criticizing the government. This function is also provided by the United States. 4) In these countries and regions, the political system is despotic. But because of a short span of democratic history, or because of U.S. influence, some principles of modern politics are playing a role. 5) Their government leaders are mostly educated in the West and have a relatively strong quality of modernity. This is a basic condition for despotism being "enlightened." But the conditions now facing our country are sharply different. We are facing a profound authority crisis. An important cause of this crisis is a change in the legal basis of authority. Under this situation, we must promote political

democratization as an important component of our political modernization and reform of the political system. There must be a government that effectively promotes modernization. At present, only through political democratization can those elite elements that set modernization as their own task be put in leadership positions. Also only a government established through the democratic process can win the people's willing obedience and command the kind of authority needed in promoting modernization. Since the May 4th Movement, people have appealed and strived for democracy for nearly 70 years, but with very little progress in this respect. This makes it necessary for us to consider the problem of democratization in a more sensible way. In the past, people used to interpret democracy as a matter of the people being masters of the house. But this is a very general and unmanageable term. Therefore, we must vest democracy with maneuverable implications. In the near future, what is the degree of democracy and what is its scope that we can possibly bring about? This calls for a differentiation between the long-term goal and short-term goal of our democratization. As far as the long-term goal is concerned, we must establish a political system with a high degree of democracy. But as far as the short-term goal is concerned, due to the limitations of various conditions, we can only devote ourselves to a goal at a relatively low level. History tells us that working on a such differentiation is necessary. If no such a differentiation is made, not only would many problems be caused but the process of democratization would be hampered. Sometimes, a cry for "a high degree of democracy" would, on the contrary, become an excuse for negating democratization. At present, our short-term goal of democratization can be summed up as elitist democracy in the form of parliamentary democracy. The superiority of such a choice lies in the following: First, this fits with the basic national condition that, of with our population of 1 billion, there are more than 200 million illiterates. Most of the citizens lack a sense of responsibility and concern. Second, we can avoid the social turmoil likely to arise in the initial period of democratization, and proceed first with the establishment of a basic democratic system prior to comprehensive social mobilization. Third, this helps in giving full play to the role of the elite in initiating and promoting modernization. Fourth, it helps foster the political quality of democracy in practice and form modern democratic culture. Perhaps, some people may also say: "We are likewise citizens. Why is it that this portion of people has democratic rights and the other do not have?" Actually, just taking a look at the history of the development of democratic politics in the world, we can clearly see that this is a stage that cannot be sidestepped in the process of democratization.

**CYL Official Remembers Hu Yaobang**  
HK2206144389 Beijing ZHONGGUO QINGNIAN BAO  
in Chinese 25 May 89 p 2

[Article by Ding Panshi 0002 4323 4258: "He Had Deep Love for His Comrades—Comrade Yaobang as I Understand Him"]

[Text] He Sets Strict Demands on Himself and Treats Others Leniently

In a speech made at a meeting held by the Central Propaganda Department at the end of 1970's, comrade Yaobang gave an account of Han Yu's article "On Belittling Others." He quoted the article: "When a person sets strict demands on himself, he will not slacken his efforts." "When a person treats others leniently and looks at others' strong points and new progress rather than seizing on their minor mistakes, he will enable them to increase their confidence in advancing ahead and seeking progress."

Comrade Yaobang's appreciation of "On Belittling Others" was by no means accidental. It was his character to be strict on himself and lenient to others. He often examined his own shortcomings and stressed others' strong points. When I was in poor health last spring, I asked someone to take a message to him saying that I and another comrade who had worked in the Communist Youth League [CYL] Central Committee wanted to see him. He was eager to meet us after he received the message. At that moment, he talked about the responsible comrades of ZHONGGUO QINGNIAN and ZHONGGUO QINGNIAN BAO. He said: "These comrades are upright and have worked very hard." He also examined himself, saying that he was too strict in criticizing comrade Xing Fangqun, former editor-in-chief of ZHONGGUO QINGNIAN, and that he was unfair to other comrades of the newspaper. Although 20 to 30 years have elapsed, he still kept all this in mind. As a matter of fact, while commending and encouraging his subordinates, comrade Yaobang usually adopted a persuasive attitude in criticizing them. Even though he was "strict" sometimes, he convinced us by painstakingly explaining the truth.

Only by being strict with oneself can one see one's own shortcomings and modestly listen to the views of others, and develop democracy. Because comrade Yaobang practiced democracy, we were willing to speak bluntly. Although he had his personal views on a series of matters, he took note of others' views and never insisted on "one man having a say." When we argued heatedly sometimes, he would still listen with a smile, showing no sign of anger. With a frank and open personality, he spoke out whatever he had in mind. His subordinates, particularly those comrades working around him, dared to point out the loopholes in his speech. For example, I was on an errand with him for the first time in 1959. On the journey, secretary Liu Chongwen who also joined us on the trip, tried to pick out the mistakes in Yaobang's speech and argue with him. I persuaded comrade Chongwen not to do that, but he replied with a smile: "It doesn't matter. Yaobang is fond of others nitpicking and raising different views." Leaders who are willing to listen to others' criticism and raise different views can comprehensively deal with problems, and make less mistakes in policy decisions. We should carry forward this fine democratic work style.

Following the 3d Plenary Session of the 11th CPC Central Committee, comrade Yaobang was concurrently head of the Central Propaganda Department. He invited

responsible comrades of the press, publication, cultural, and theoretical research units directly under the central authorities to attend the regular meetings held every Wednesday. At the meetings, he would promptly relay the instructions of the CPC Central Committee and let the participants air their views and hold discussions. These meetings which were vivid and filled with the air of democracy, produced many wise decisions for propaganda work. Hence, many comrades in the ideological and cultural circles still commend the democratic style of comrade Yaobang. They said that the period when Yaobang was in charge of propaganda work was the most dynamic and most outstanding period over the past decade.

#### Protect Comrades and Redress Unjust Verdicts

It is generally acknowledged that comrade Yaobang's greatest contribution was that he redressed large numbers of unjust and wrong verdicts, and framed cases. During the funeral service for Yaobang, a number of rehabilitated comrades went all-out to get an invitation card to attend the memorial service. Many old people went to Yaobang's residence to express their mourning for the deceased. At the memorial service, they wept bitterly before the remains of comrade Yaobang. Facing the storms and waves, comrade Yaobang sought truth from facts, and protected a number of comrades from all previous political movements and the Cultural Revolution.

When the anti-rightist movement started in 1957, comrade Yaobang was leading a delegation to Moscow to take part in the "World Youth Festival." He telephoned Beijing asking about the movement in the CYL Central Committee upon his return to Xinjiang. When he was informed that scores of people were labeled "rightist" in the CYL organs, he was very angry. He immediately criticized the person in the CYL Central Committee in charge of the movement. Later, Yaobang protected a number of comrades who had been labeled "rightists." However, the movement spread like wildfire. One day we went to Yaobang's office to give him an account of our work. When we said that many backbones of ZHONGGUO QINGNIAN and ZHONGGUO QINGNIAN BAO were labeled "rightists," he exhorted us with a sympathetic look: "These are all able people. You should help them in the future. After they correct their mistakes, they can still do a great deal of work and play a good role. Although they are expelled from the party, they can join the party again in the future!" When the comrades labeled "rightists" were transferred to the factories and countryside to do manual labor, he held a meeting, enthusiastically telling these comrades: "You should do your work well there. You will be welcomed back." These were voices hardly heard at that time. Proceeding from calmness and rationality, these voices manifested his deep love for cadres and comrades.

Two years after the "anti-rightist" movement, the movement "against right deviation" started. At this moment, the CYL secretariat headed by comrade Yaobang tried to

deal with the movement steadily. I have personal experience in this regard. During the free airing of views and rectification movement in early 1957, I made some suggestions on the methods of the "elimination" movement. When the "anti-rightist" movement started, I was attacked by name. Comrade Yaobang protected me from being labeled a "rightist." In early 1959, I had already realized the grave consequences of the "communist wind" and "exaggeration tendency." Although I did not make any suggestion, I deleted the exaggerated term "Great Leap Forward" on numerous occasions while checking the contributions. For this reason, some people put up big character posters requesting me to confess my mistakes during the movement against the "right" deviation. At that time, I myself realized that I was indeed influenced by the "right" deviation. At the panel meeting, the comrades asked me to think about my problems. I said that I realized the serious problems of the "Great Leap Forward" and thus doubted the "three red banners" and even thought that Chairman Mao made mistakes. At that time, it was no trivial matter to think that Chairman Mao had made mistakes. I realized that I made a serious "mistake" and that I would definitely be labeled. Unexpectedly, the leader in charge of the movement, in accordance with comrade Yaobang's instruction on the movement, said: "It is a good thing to confess your mistakes to the party." Instead of being punished, I was trusted as usual. Later, I turned the question over and over again in my mind: If I had not worked in the CYL Central Committee which had a good leader like comrade Yaobang, a person like me with so many ideological shortcomings who made "mistakes" during the "anti-rightist" movement on two occasions would have come to no good end.

In 1962, comrade Yaobang paid special attention to screening and redressing work concerning the "anti-rightist movement." At the meeting of cadres of the CYL Central Committee to announce the results of the screening work, he delivered a speech undertaking responsibility. During the movement against the "right" deviation, some leaders of a provincial party committee criticized people without conducting education. Instead of relaying the decision of the central authorities and explaining the situation of the Lushan conference, they distributed comrade Peng Dehuai's "Letter of Criticism" to cadres and asked them to declare their position. As a number of cadres did not know about the real situation, they said frankly after reading the letter: The views of the letter are correct. Some others asked: "How can revered Peng be wrong?" The province drew a clear line of demarcation, launched a movement, and labeled many good comrades "right opportunists." Comrade Yaobang also mentioned this case and said that although the CYL Central Committee did not follow the style, they made mistakes, and criticized and attacked each other. He apologized to the comrades who were punished and bowed his regrets over and over again.

Later, some comrades asked him why he tried by every means to protect cadres in all previous political movements. His reply was: "I myself was attacked on many

occasions in the past. While in the central Soviet area, I was almost labeled a member of the so-called 'AB clique,' a counterrevolutionary organization, and purged." He knew how it felt to be misunderstood and attacked by others. I often had such an idea in mind: Some people are attacked in a movement, but in the next movement they fiercely attack others for the sake of protecting themselves. Comrade Yaobang could stand upright and withstand the pressure of political movements, protect the innocent, and redress the unjust and wrong verdicts because of his deep love for comrades and his selfless breadth of vision. What an admiring, lofty revolutionary style!

#### Withstanding Pressure With Strength of Character

Because comrade Yaobang sought truth from facts, upheld truth, and never stooped to flattery, he was a thorn in the flesh of Lin Biao, Jiang Qinyang, and their followers. They labeled him "revisionist" and persecuted him. Not long after the Cultural Revolution, the secretariat of the CYL Central Committee was reorganized and comrade Yaobang was locked up in a "cowshed." He was denounced at public meetings and paraded through the streets. Nonetheless, he refused to acknowledge that he was a "capitalist roader" and had any "antiparty and antisocialist" crimes. Moreover, he courageously pointed out that the "charges" against him were unfounded. On a certain occasion, he was sent to ZHONGGUO QINGNIAN BAO. Some comrades of the newspaper including myself who were labeled "followers of the sinister Hu gang" were engaged in "reform through labor" in the courtyard. We were deeply grieved to see him in dirty shirt sitting in a car escorted by two Red Guards. He looked dark and thin. He was smoking in an easy manner. After a while, we could hear him ordered to bend forward, lower his head, and kneel down, and sounds of whipping from the denunciation meeting held nearby. After the meeting, we were told that he refused to "confess his crime."

Although comrade Yaobang was physically injured and mentally affected during the "unprecedented" days, he showed concern for and protected other comrades. He lived in a room in the "cowshed" together with several other comrades who "committed crimes." He suffered from insomnia and often got up early in the morning. He smoked and moved around very softly so as not to wake other comrades. He had only two liang of rice with poor fish for each meal. A kindhearted young comrade persuaded him to eat more to maintain his health. Deeply moved by this, Yaobang wrote in his diary: "There are people who still show concern for me." However, the rebels confiscated the diary and asserted that they would find out who shielded Hu Yaobang. The comrade was very much worried, but comrade Yaobang never mentioned his name no matter how the rebels pressed him.

"Hu Yaobang was asked to leave the 'cowshed' and attend the 9th Party Congress." The comrades were very happy to hear the news. However, Yaobang was not reelected a member of the CPC Central Committee.

Many comrades inquired of the army representatives about the issue. In the autumn of 1969, comrade Yaobang was transferred to the CYL Central Committee's cadre school in Huanghu, Huangchuan county, Henan. While taking part in physical labor, he had to continue to make self-criticism. When he presented his written self-criticism, the army representative asked him to solicit the opinions of the masses of each company. In early winter, he came to Baihugang where the eighth company composed of comrades from ZHONGGUO QINGNIAN was located. When he arrived, he asked the company cadres how we, the "capitalist roaders," were doing with our self-criticism and whether we could be "liberated"? One evening, he summoned us to solicit our opinions about his "self-criticism." After expressing his apology, he said: "I am so sorry for getting you into trouble." He also asked about our labor work with great concern. We were all moved to tears. A backbone in our commune "exaggerated" the problems at that time with a "leftist" point of view. Comrade Yaobang especially asked us to take him a message, patiently explain the situation, and to believe that a correct conclusion would be reached eventually. While in our company that day, he helped us cut grass and do kitchen work. He also solicited opinions of the masses and examined his shortcomings. While having our dinner one day, I heard voices of great joy from a small room near the kitchen. When I stepped forward, I saw Yaobang surrounded by many comrades asking him whether he recognized them. He called the names of many comrades, except an ordinary cadre below the office level. At this moment, Yaobang and other comrades burst into laughter. He said in earnest: "Yes, it is due to my bureaucratic work style." The small room was filled with an atmosphere of harmony. After dinner at the weekend, he was leaving for his own company 8 li away from ours. It was already dark, the road was not plain, and there were many dogs. Some comrades wanted to escort him to his company, but he refused. We sighed with emotion when we saw him holding a stick and torch, walking alone along the footpath in the fields, and gradually disappearing in the evening mist.

During the Cultural Revolution, his received only 30 yuan per month for living expenses while the rest of his wages were deducted. The deducted wages were paid to him after he arrived at the cadre school. He used most of the repaid wages to pay his party membership dues. He also paid more in the months later. However, he led a plain life and was amiable and easy to approach. He became one with the masses in the cadre school. The students of the printing school of the press of the Chinese Youth Printing House who were also in the cadre school and our children were fond of playing with him. They often took him to the school's cooperative and asked him to buy candies for them. Now these children have grown up and they miss him very much. They expressed their deep sorrow when they learned of his death from the radio.

Comrade Yaobang, who was very strict with himself, performed outstandingly in the cadre school. He was

responsible for capital construction and threshing grain in the company. Although he was over 50, he could carry sacks weighing 100 to 200 jin running to and fro several times a day. The cadre school organized students to transport stones from Dabieshan in a distance of 70 to 80 li. Each cart of stone weighed several hundred jin. However, Yaobang was not afraid of the far distance and hot weather. He applied to join the team. Yaobang was also good at transplanting rice seedlings. He could transplant 6 fen of land a day. When the commune members of the nearby production teams knew he was in the cadre school, they came in turn to see this senior cadre. Some of them served in the units under his leadership during those years. Many commune members raised their thumbs and said: "Really terrific! In the hot summer days, he worked with others to repair bridges and highways..." In the assessment conducted by the cadre school, he was elected "five good fighter" by other comrades.

The Lin Biao and Jiang Qing counterrevolutionary cliques attempted to overthrow comrade Yaobang, but a great revolutionary remained firm as a rock. Although labor was strenuous in the cadre school, he managed to find time to study assiduously. As Huanghu was located in a low lying land, the temperature in summer reached as high as 38 to 39 degrees Celsius, and there were many mosquitoes. When other comrades were enjoying the cool in the open air in the evening, he remained in the mosquito net studying "Das Capital" and other Marxist and Leninist works. At the theoretical study meetings, he often made brilliant speeches. The comrades tried by every means to read the records of his speeches. Following the "13 September incident," the cadre school organized meetings to expose and denounce the Lin Biao counterrevolutionary clique. One day the responsible comrades of the units under the former CYL Central Committee gathered in the cadre school to hold a denouncing meeting. As it was already winter, the comrades gathered round the stove to keep warm. Comrade Yaobang delivered a lengthy speech near the stove. The comrades attending the meeting attentively listened to Yaobang's incisive analysis and criticism of Lin Biao. He fainted by the roadside when he was returning to his company one li away to have his lunch. Fortunately, he was rescued by a pupil of the "May 7th School," a subsidiary of the cadre school.

#### Magnanimity and Enjoying High Prestige

In early 1974, the "gang of four" launched a drive to "denounce Lin Biao and Confucius" and "oppose restoration." At the meeting held by the army representatives of the CYL Central Committee to "denounce Lin Biao and Confucius," some rebels again exposed comrade Yaobang's "conspiracy to restore the old order," saying that he had established ties with many people and that his threshold had been leveled. This indicated from a negative aspect that he enjoyed high prestige and maintained close contacts with the masses. During the later period of the Cultural Revolution, in light of comrade Zhou Enlai's instructions, Yaobang and the responsible

comrades of ministries and committees left for Beijing. Many comrades went to see him and asked him to help them solve their difficulties in work and livelihood. Since the comrades asked for help, he would try by every means to meet their requirements, even though he was not familiar with them. For example, a child-care worker of the nursery of the CYL Central Committee encountered a very difficult problem. She burst into tears when she saw him. He patiently asked the comrade to sit down and tell him about her problem. When we were chatting in his residence one evening, comrade Li Zhao suddenly came in and said to him: "A man from the Great Northern Wilderness wants to see you. Go and meet him." The middle-aged man in shabby clothes who looked thin and old came in. He told comrade Yaobang: "I am a Beijing-educated youth. In the early 1950s, I responded to your call and went to reclaim the Great Northern Wilderness. After more than 20 years of work there, I am now a cadre of a farm and have a family. My wages are still very low and I am in straitened circumstances. What is more, I have no personal relationship...." He asked comrade Yaobang to help transfer him to Daxing county, Beijing to continue to do farming. The comrades present showed their sympathy, but comrade Yaobang felt embarrassed. He said: "How can I help you when I have not resumed work yet?" One of the comrades present proposed: "A comrade who was deputy secretary of Beijing CYL municipal committee in the past is now a leader of Daxing county. Why not ask him for help?" Comrade Yaobang immediately wrote a letter of recommendation for the man.

Comrade Yaobang's honesty and kindness were also manifested in his magnanimity and by his not allowing himself to be swayed by personal feelings. He showed understanding to the false charges brought against him during the Cultural Revolution, saying: "These people were forced to do so." A comrade who worked with him in the past fabricated lies and exaggerated the facts while exposing his mistakes. Many other comrades were against him. Later, this comrade was transferred to another locality. Because the position was not ideal, he wrote a letter to Yaobang asking for help. Although we tried to persuade him not to meddle in the affair, he settled the problem for the comrade. Following the downfall of the "gang of four," he told us: "We should redress the cases in which people have been wronged, misjudged, or framed, no matter who determined the cases. Tell the people who are wronged and maltreated to see me." However, regarding those transferred from Beijing to other localities who asked him to transfer them back to Beijing, he declined and said that their positions in other localities were quite attractive. Some comrades who were his subordinates wished to work by his side. His reply was: "There is no need to do so." He took special interest of newly emerged qualified personnel and uniting the broad ranks of cadres.

Being strict with himself and lenient toward others, comrade Yaobang took care of cadres and showed concern for comrades. He courageously fought against

evil and never practiced favoritism. At a time when corruption and unhealthy tendencies are spreading unchecked, we cherish him even more.

Comrade Yaobang will remain in our hearts forever!

**NPC, CPPCC Sessions Held Under Tight Control**  
40050516 Hong Kong PAI HSING [THE PEOPLE] in  
Chinese No 190, 16 Apr 89 pp 9-10

[Article by Chang Chieh-feng 1728 4814 7685: "Two Sessions of Seventh NPC and Seventh CPPCC: Retrogression of Democracy?"]

[Text] *The annual NPC and CPPCC sessions have closed. Many session participants and many reporters covering the sessions thought that there was less democracy demonstrated during this year's session than last year's.*

*However, no matter whether it was the CPPCC members or the NPC representatives, all expressed their desire to exercise the powers of office—some CPPCC members discussed politics without misgivings, and some NPC representatives stressed their role in supervising the government. Although these people were in the minority, they were sufficient to make waves in the meetings, which were like pools of stagnant water.*

*Then, speaking from the angle of displaying democracy, did the "two sessions" advance or retrogress? Quite simply, the procedures and operations of the meetings were conservative; some participants tried to make breakthroughs. If we looked on from the side we could have got a whiff of democracy, but we would have had to strive for it as it would not have been a gift.*

**General Secretary Zhao Calls On Party Members To Keep in Step With the Central Committee**

On 16 March, several days before the opening of the "two sessions," CPC General Secretary Zhao Ziyang made a special suggestion to CPC members who were to take part in the CPPCC and NPC sessions: don't express opinions at the sessions that easily get applause, and do maintain unity with the Central Committee.

Party members could not treat lightly this suggestion of General Secretary Zhao's. The General Office of the CPC Central Committee issued a document in this regard. Of the NPC representatives 88 percent are CPC members, and of the CPPCC members 60 percent are members of democratic parties. For this reason the abovementioned suggestion was transmitted to the democratic parties.

Those who controlled the domain of discussions inside the meeting halls wanted even more to control public opinion outside the halls. Initially each major newspaper office received a directive stating that their reportage on the two sessions could be as open as possible; later this directive was countermanded.

Beginning last year an economic plight manifested itself, a plight that up to now from which it has been impossible to extricate; the large-scale turmoil that broke out in Tibet not long ago led to the imposition of martial law; and a sense of political and economic unrest has been created. To maintain their rule and prestige, the Chinese communists could only constantly issue calls for "stability and unity." With this kind of fragile psychology of seeking stability and fearing social upheaval, the Chinese communists regard even the moderate action of an intellectual's submitting a written statement to a higher authority as a disharmonious note that destroys social harmony and order. In the two sessions held against this background, there was naturally a tense atmosphere and an attempt to control everything.

If we look at the NPC session, we see that the agenda was, first of all, designed to restrict the scope of discussion. Besides passing several major laws and regulations, such as the "Administrative Procedural Law," "Rules of Procedure for NPC Sessions," and the law giving legislative power to the Shenzhen NPC, the greater part of the time was devoted to a discussion of Li Peng's work report. Because this report emphasized the running of the economy, the path to economic reform became the key item for discussion by every delegation. During the session Deng Xiaoping unexpectedly remarked to a foreign guest, "The biggest errors made in the last 10 years were in education." Li Tieying [2621 6993 2503], minister in charge of the State Education Commission, at a press conference repeatedly admitted the inadequacies in the development of education. His admission made education a popular topic of conversation for a time.

#### **CPPCC Members Privately Curse High-Ranking Party and Government Officials**

Relatively speaking, the agenda of the CPPCC session was not restricted. No matter whether it was in a speech to the full body or in a discussion by a group, a member could freely discuss any topic he chose. Therefore, the expression of views at the CPPCC session was sharper than at the NPC session. Precisely for this reason, when the CPPCC's Hong Kong and Macao group began its discussion, some CPPCC members who were ready to make trouble were warned: discuss only the economy, not politics.

A political observer from the interior pointed out several unusual things about this year's CPPCC session that he thought amounted to a retrogression of democracy. He said: 1) The time period of this year's session was greatly shortened. From the 19 March opening to the 27 March closing there was a formal meeting time of only one week, much shorter than the two weeks of the past. Was this because it was not desired that the CPPCC members have more opportunities to speak? 2) Because the CPPCC session was shortened so much, the CPPCC members were unable to audit the reports by the Supreme People's Court and the Supreme People's Procuratorate at the latter stage of the NPC session, and were

not in a position to take part in discussions about them. 3) Brief reports on this year's CPPCC group sessions were not given to reporters (meaning mainland reporters) as they had been in the past. 4) The election of supplemental vice chairmen and standing committee members of the CPPCC was decided by a show of hands; last year's election was decided by secret ballot.

Even if there were many restrictions, at the CPPCC session there were still some opinions expressed that challenged authority.

CPPCC member Luo Yuanzheng [5012 0955 6927] (CPC member and social sciences professor), at the general meeting on 23 March, discussed the leading ideology for reform. He made the following statement: "Under the circumstances in which preparations were insufficient, we gave wide publicity to making a breakthrough in price reform, saying that within several years we would 'smooth out the price system, as otherwise we would have missed the opportune time for price reform.' Some comrades cited Poland as an example, contending that the Poles missed the opportune time. The actual situation was precisely the opposite. Eager to get results in price reform, they have already intensified economic instability and social upheaval."

It is not strange that many people have criticized the overheating of the economy, but Luo Yuanzheng's criticism was quite pointed. Who declared that there would be a breakthrough in price reform? It was Deng Xiaoping. It was he who also frequently cited Poland as an object lesson. The draft of Luo's speech did not state this clearly, but clear-eyed people could see it.

Another CPPCC member, Ma Dayou [7456 1129 3731] (vice chairman of the Central Committee of the Democratic League) made a speech at the 24 March general meeting. Representing the Democratic League, he opposed haste in starting the Sanxia Project. He blamed the officials responsible for proofing this work for alienating themselves from the different voices reflecting the will of the masses and the opinions of the experts, of turning a deaf ear to them, of being extremely undemocratic, and also of being unscientific. He held that those who advocated that the Sanxia Project be started early and fast had, under the pretense of "scientific proof," submitted to the will of senior officials.

There were many officials who advocated that the Sanxia Project be started as early as possible. Among them was Li Peng. Was there a hint in Ma Dayou's speech?

#### **CPPCC Members Did Not Dare To Applaud Old Hsu's Speech**

Hsu Ssu-min [1776 0934 3040], a CPPCC member from Hong Kong, in his speech at the 25 March general meeting, did not talk about anything specific. His topic was the general spirit of democracy. From the angle of the suppression of freedom of speech, substitution of rule by man for rule by law, and one-party dictatorship, he criticized the present undemocratic state of affairs.

The wording of Hsu Ssu-min's speech was extremely strong. He called on Deng Xiaoping to follow the example of Chiang Ching-kuo in his later years of opening up politics. He highly praised Chiang Ching-kuo for lifting party and press bans, and said that after Chiang's death he could with an easy conscience go to see Sun Yat-sen's spirit in heaven. Hsu Ssu-min said that "stability and unity" were pretenses for stopping up the people's mouths, and that a "stability" that did not allow speaking out was a sham stability. Without reserve he said from the bottom of his heart: "The current situation of corruption is precipitous. If the party does not urgently work to establish a democratic political system and arouse the enthusiasm of the countless masses to overcome, in common, this crisis, then it will be very difficult for the Communist Party of China, which I once supported, to keep itself from rotting and taking the path of self-destruction."

The strong tone of Hsu Ssu-min's speech prevented those at the meeting from applauding. For the past 3 years Hsu Ssu-min has made a bold speech at the CPPCC general meetings. He has said what others did not dare to say, and therefore every time he got many rounds of applause. At last year's meeting, his topic was corruption in the central financial institutions, and he got more than 10 rounds of applause. Along with another CPPCC member, Qian Jiaju [0578 0159 7467], he became the figure on whom most attention was focused. However, when this year's speech was read out, unexpectedly silence reigned. When the set time was reached, Wu Zuguang [0702 4731 0342] took the lead in giving him a round of applause, but it was not a strong applause and it was extremely scattered.

In general it can also be seen that, although a small number of CPPCC members dared to point out present-day errors and did not sing praises, because the atmosphere at the entire situation was not relaxed, not many people dared to echo them.

#### **Rarely Seen Votes Against and Abstentions From Voting**

At the NPC session what was most striking was naturally nothing more than the fact that, before the 4 April closing, there were votes against and abstentions from voting in a series of ballots.

When the motion passing the State Council's submission for consideration of authority for Shenzhen City to formulate laws and regulations for the Shenzhen Special Economic Zone, unexpectedly there were 274 votes cast against it and 805 abstentions. With 2,688 representatives in attendance, those who voted in favor of the motion comprised only about 60 percent, and thus the motion was passed with great difficulty. The more than 1,000 representatives who did not maintain "unity with the party Central Committee" made people feel that they had made an effort to shake off the image of being a "rubber stamp."

The question of the NPC's authorization of legal powers to the Shenzhen City NPC evoked strong reverberations in the group discussions before the vote took place. In particular, the Hong Kong and Macao representatives within the Guangdong group were strongly opposed to it. In view of the strong voices in opposition, the motion was revised before being put to the vote, so that the authorization became a matter for the NPC Standing Committee to consider at its discretion and appointed time. Even so, those in opposition still thought they could not accept it. On the evening of the day before the vote, some Hong Kong representatives were still prepared to vote against it. At the 4 April general meeting, when the motion was put to the vote, Taiwan representative Huang Shun-hsing [7806 7311 5281] made an impromptu speech in which he pointed out: "If this resolution is passed it will cause chaos in the legal system and damage the authority of the highest legislative body." Others in opposition maintained that laws and regulations are passed by the provincial NPC and there is no need to have the NPC authorize a locality to do so, and also that since an NPC has not yet been established in Shenzhen this motion is "premature."

#### **Wan Li Is Criticized and He Admits Dereliction of Duty**

Besides the abovementioned climatic play in the NPC hall, there was a good play that lasted several days; namely, some NPC representatives criticized the NPC Standing Committee members for not vigorously supervising the government and said that this was a dereliction of duty.

The earliest that this criticism was initiated was in the discussion by the Shanghai group. Because in his government work report Li Peng admitted that mistakes (meaning mistakes in economic reform) had been made in this work, did this not mean that the NPC Standing Committee members had not exercised their power of supervision in order to correct the mistakes of administrative departments? And if the NPC Standing Committee members could not exercise effective supervision, why was this point not frankly admitted in the NPC Standing Committee's work report?

When, on 31 March, Wan Li [5502 6849], chairman of the NPC Standing Committee, attended the Beijing group's discussion, the Beijing representatives bombarded him with questions about this lack of vigor in supervision. As a result, Wan Li had to admit, before many representatives, his "dereliction of duty" in not doing good supervisory work.

At the session the representatives also brought up the issue of how to strengthen the parliamentary governing capacity of the NPC Standing Committee so that it exercises effective supervision. Many representatives thought that the NPC representatives needed to be trained and that the members of the NPC Standing Committee should also be trained. Others thought that the special committees of the NPC could, outside the



scope of NPC representatives, engage from among officials who have left the government and other relevant figures experienced working personnel to improve the supervisory authority of the special committees.

This good play, in which Wan Li "acknowledged his mistake," originally could not necessarily have been shared with the world. Who would have thought that it would appear on the front page of RENMIN RIBAO? In this play there was an interlude. Monday, 27 March, happened to be the day of the biweekly news conference given by the Propaganda Department of the CPC Central Committee. Department Director Wang Renzhi [3769 1804 0037] told the responsible persons of all major news organizations that their reportage on the two sessions should conform to the spirit of the Central Committee, and what is a little depressing could be made a little more lively. Was it because of Wang Renzhi's "instruction" that each major newspaper carried some inside stories? No matter what was the case, the reportage of all newspapers in the raised the degree of "transparency."

#### **The Two Sessions Broke the "One Voice" Prohibition**

The tense attitude of officials during the "two sessions" was not only evident in their control of what went on in the meeting halls; it also affected the activities of the

entire society. During the time that some people were at the general meetings, important parliamentary and government personnel throughout China gathered in crowds, reporters from various countries focused their attention, and for a time opinions were expressed, all of which made the officials more tense and almost put them in a panic. For example, seven Hong Kong figures (one was refused entry into China but the other six were let in) delivered a signed letter to the NPC Standing Committee that demanded the release of political prisoners. Just when the sessions opened, the nervous tension of the parties concerned made them do something clumsy (see the reportage on this in another article). On the day after reporters met with democracy movement element Ren Wanting [0117 3979 3957] at his work unit, a new rule was issued: no visits by newsmen at places of work. During the general meetings all circles had to strictly guarantee that this rule was kept.

Everybody wants to see social stability. But the "stability" that does not let people speak out is a false stability. Stability and democratic freedom are not anti-thetic. It was meaningless to spend a lot of money to hold "two sessions" with "one voice." Fortunately, even though they were under tight control the "two sessions" did not stop at "one voice."



## NATIONAL AFFAIRS, POLICY

### New Investment Planning System Adopted *HK1206094189 Beijing CEI Database in English* 12 Jun 89

[Text] Beijing (CEI)—China has since last year set up six specialized corporations, all with legal person status, to manage the investment in agriculture, forestry, energy, transportation, electromachinery-building, light and textile industry.

The establishment of these economic entities, designed by the State Council to develop and manage the investment of fixed assets, brings to an end the reform on the investment management system.

Thus, the state's planning and management work on the investment in fixed assets has begun to adopt new formulae this year.

The State Energy Investment Corporation is in charge of the operation and development of coal mining, electricity, nuclear power plants and petroleum projects.

The State Raw Materials Investment Corporation is in charge of the finance and development of iron and steel. Nonferrous metals, petrochemical products, construction materials, medical products and gold mining project.

The State Electromachinery, Light and Textile Industries Investment Corporation, is in charge of the finance and development of machine-building, electronics, ship-building, automobile, light industry, textile and tobacco projects.

Each of the above four [figure as received] corporations has a registered capital of 800 million yuan (including 100 million U.S. dollars).

The State Agricultural Investment Corporation is in charge of the finance and development of agricultural, animal husbandry, fishery and breeding industry projects.

The State Forestry Investment Corporation is in charge of the finance and development of the forestry and timber industry projects.

Each of the above two corporations has a registered capital of 200 million yuan (including 20 million U.S. dollars).

Funds of the newly-established corporations were raised from the state's capital construction fund, the credit fund and other resources through commissioned bank loans and direct project share-holding activities.

The corporations will issue bonds abroad through commercial banks, contract for overseas construction projects, and open security and lease services for foreign-related projects.

### Economic Decline Reported for Number of Large Enterprises

*HK0806100889 Beijing RENMIN RIBAO in Chinese*  
2 Jun 89 p 1

[XINHUA report by Yao Jun 1202 6511: "Decline Seen in Economic Results of Some Large Enterprises in China"]

[Text] Beijing, 1 Jun (XINHUA)—A number of large enterprises (groups) have gloomy prospects because they lack energy, raw materials, and funds and do not have the strength for further development. At a recent national seminar of large enterprises (groups) held in Shiyuan city, a relatively effective cure for shortage mentioned above was put forward: to persist in implementing and perfecting the system of contracted management responsibilities.

According to reports, the economic results of state-run enterprises, some large enterprises in particular, are rapidly decreasing at present. In the first quarter of this year, budgeted profits of state-run industrial enterprises decreased by 14 percent and the volume of losses of many enterprises further increased. The Datong coal mine, which accounts for 10 percent of the output of coal to be distributed by the state in a unified manner, had a profit of 306 million yuan in 1984, but suffered a loss of 82.95 million yuan in 1988. The Shengli oil field lacks 500 million yuan for construction. Its loans, principal and interests included, due in 1989 add up to 1.44 billion yuan. As a result, the oil field cannot afford to buy any more equipment. From January to April, the profits of the No 2 auto plant were 27.9 percent less than that of the same period last year. This has seriously affected its work to update its equipment and to develop new products. Responsible persons of many enterprises (groups) held that a greater crisis will appear in the near future. If we do not pay attention to these problems in good time, the consequences will be serious.

During an interview by reporters, Lu dong, President of the China Association of Industrial Economics, said that there are 2,908 large enterprises in China. They account for only 0.24 percent of the total number of industrial enterprises and yet their industrial output accounts for about 30 percent of the total output all industrial enterprises. Support should be given to large enterprises. The method of draining the pond to get all the fish is not desirable. He summed up the views of large enterprises (groups) and submitted the following suggestions to central departments for making policy-decision: First, the economic relationship between the state and enterprises should mainly be expressed in the perfection of the system of contracted management responsibilities. It is suggested that the state should formulate in good time a plan for contracts of the Eighth 5-Year Plan period so that large enterprises (groups) can have a long-term

development target and a plan for technical transformation and development and can increase their accumulation of funds through implementing the system of contracted management responsibilities. Second, a tilted policy should be earnestly implemented in the supply of energy, raw materials, and funds to, and in providing transport services for, large enterprises (groups). It is suggested that in supplying materials needed by large enterprises (groups), the method of fixed points, fixed quantities, and unfixed prices should be used. This method should be included in contracts to be strictly implemented. Third, efforts should be made to promote unification of assets and management of enterprises and groups through various means such as merging, buying shares, and holding shares with large enterprises as the basis, in order to realize compact specialized production and intensive operation, and to raise the efficiency of each group as a whole.

## PROVINCIAL

### Hunan Machine, Electronics Exports Increase *OW2306022289 Beijing XINHUA in English 1406 GMT 22 Jun 89*

[Text] Changsha, June 22 (XINHUA)—The Hunan Provincial Machinery Import and Export Corporation exported 13 million U.S. dollars worth of machinery and electronics by mid-June, 50 percent more than in the same period of last year.

The exports of this corporation account for one third of its kind in the province, according to Peng Hui, general manager of the corporation.

Hunan's exports of machinery and electronics include mining equipment, general machines, farm machines and tool and electronic meters and instruments and iron alloys.

Exports of machinery and electronics have increased rapidly in Hunan. In 1985, Hunan's machinery and electronics earned 15 million U.S. dollars, accounting for 3.7 percent of the total export value of Hunan. In 1988, the exports jumped to 48 million U.S. dollars, eight percent of the total.

### Inner Mongolia's Economy Up During Last 5 Months *OW1806203589 Beijing XINHUA in English 0039 GMT 17 Jun 89*

[Text] Beijing, June 17 (XINHUA)—The total value of industrial production in north China's Inner Mongolia Autonomous Region reached 5.271 billion yuan (about 1.42 billion U.S. dollars) in the first five months of this year, a 12 percent increase over the same period of last year, XINHUA learned today.

The production of industry, agriculture and animal husbandry in the region in the first five month has all increased.

In the period, the region turned over profits and taxes of 620 million yuan from industry, 11.9 percent more than that of the same period of 1988.

The region has 44.70 million head of livestock, 6.4 percent more than last year.

And over 3.2 million ha of farmland have been sown and most grain crops are growing well.

The Dongsheng coal mine in Inner Mongolia produced 300,000 tons in April and May and 250,000 tons have been shipped out.

### Qinghai Sets Up Ethnic Economy Pilot Zone *HK0906122689 Xining Qinghai Provincial Service in Mandarin 1300 GMT 8 Jun 89*

[Excerpts] With the approval of the provincial party committee government, the work of building Minhe county into a pilot zone for reform of the ethnic economy has started.

To build such a pilot zone is a concrete measure to implement the party's reform and opening up policy, as well as the provincial strategy for economic development. The measure has a great significance for exploring a new path of deepening the reforms, opening up to the outside world and invigorating the economy as well as for accumulating experience of reform and economic construction in the minority areas.

On 7 June the Haidong Prefectural Party Committee and Administrative Office solemnly held a meeting at Minhe Hui and Tu Autonomous County. Attending it were leading comrades including Yin Kesheng, Song Ruixiang and Bian Yaowu, as responsible comrades from the province-level departments concerned, Haidong Prefectural Party Committee and Administrative Office, and all counties under the jurisdiction of Haidong prefecture, as well as over 1,000 cadres and functionaries of Minhe county. [passage omitted]

When speaking at the meeting, Provincial Party Committee Secretary Yin Kesheng pointed out: "We must understand the issue of building Minhe county into a pilot zone for reform of the ethnic economy as a matter of great importance in implementing the provincial strategy for economic development and must consider the issue as a step toward the overall move of improving the economic environment, rectifying the economic order and deepening the reform put forward at the enlarged meeting of the Second Session of the Seventh Provincial Party Committee. Meanwhile, we must fully understand that the establishment of the pilot zone has a strategic and realistic significance for the economic, social and cultural development not only in Minhe county but also in all other minority areas of the province." Yin Kesheng continued: "Over the years the minority areas could not see a fast economic development. One of the reasons rests in our failure to really understand the objective law of economic development in the minority areas and in our errors of giving only

vague, general directions to work and imposing uniformity on policies." He also said: "The provincial party committee and government's decision on building Minhe county into a pilot zone for reform of the ethnic economy is aimed at stepping up reform ahead of other counties, carrying out more flexible policies, giving more decisionmaking power in development and construction, exploring the features and law of economic development in the minority areas in practice and setting a model for reform and development in the minority areas."

### **Shanxi Insurance Company Branch Continues To Expand**

*OW1106171689 Beijing XINHUA in English 1419  
GMT 11 Jun 89*

[Text] Taiyuan, June 11 (XINHUA)—The insurance value of the Shanxi branch of the People's Insurance Company of China has amounted to two billion U.S. dollars in its business involving foreign interests since it started operation in 1980.

So far, the company offers more than 30 types of policies, covering transport of export and import goods, property and machinery damages, construction projects, motor vehicles and personal accidents.

The company has established business links with 1,300 insurance companies in 130 countries and regions, said Zhai Suping, head of the foreign business section of the Shanxi branch.

Over the past eight years, the branch collected 11 million U.S. dollars in premiums in foreign currency and paid out two million U.S. dollars in indemnity.

### **Private Economy Important in Shenyang**

*OW1506000489 Beijing XINHUA in English  
0728 GMT 14 Jun 89*

[Text] Shenyang, June 14 (XINHUA)—The private economy plays a decisive role in the daily life of Shenyang, capital of Liaoning province, according to Mayor Wu Disheng.

The northeast China city has 87,000 households engaged in private enterprise, employing 180,000 people.

These households supply the majority of vegetables, pork, beef and chicken, and 90 percent of the eggs and milk on the market.

The number of private restaurants and tailors now exceeds that of state and collective facilities.

Most of the 2,000 taxis in the city belong to individuals. Individuals also operate over 1,000 mini-buses, approaching the number of state public transportation vehicles.

In addition, local citizens have also opened hundreds of dance halls, tea houses, and video-game rooms.

Officials of the Municipal Administration of Industry and Commerce said that the number of individual households engaged in industry and commerce has increased by about ten percent each year in the past few years.

The rapid expansion of the private economy is attributed to higher incomes. Generally, an individual household engaged in industry or commerce earns over 20,000 yuan a year, 10 times the salary of an employee in a state enterprise.

The number of private enterprises with more than eight employees each had increased from 26 in 1987 to 2,860 by the end of 1988.

### **Xinjiang Leader Urges Boosting Production**

*HK1806030389 Urumqi Xinjiang Regional Service  
in Mandarin 1130 GMT 17 Jun 89*

[Excerpts] The regional party committee and government held a gathering in Urumqi today, which called on all the cadres, staff, and workers in all sectors, trades, and fronts to resolutely implement the strategic plan of the CPC Central Committee and State Council, unswervingly uphold the four cardinal principles and the guideline of reform and opening up, regard economic work as the core task, stay at their work posts, and make concerted efforts to promote production and all work.

Regional Government Chairman Tomur Dawamat made an important speech at the meeting. He said that in the current severe political struggle, the cadres and workers on the region's industry and communications and finance and trade fronts have demonstrated very high awareness and consistently stayed at their posts, thus making a major contribution to stabilizing the situation and the economy and ensuring the stability of the region's economic and political situation. [passage omitted]

Tomur Dawamat said: In agriculture, we must get a good grasp of fighting drought, taking precautions against flood, and dealing with plant diseases and insect pests. We must do a good job in supplying agricultural materials, and ensure a bumper summer grain harvest. In animal husbandry, we must step up the work of dealing with locusts and rats on the pastures, and make early preparations for caring for livestock during the winter.

In industry, we must continue to readjust the production structure and increase output of goods with a ready market. We must do everything possible to ensure supplies of raw materials and important production materials. [passage omitted]

Tomur Dawamat said: Xinjiang's situation is stable and is developing in an ever improving direction. However, there are also some factors for instability. He demanded that all organs, factories, mines, enterprises, and mass bodies organize forces to work with the armed police and

public security cadres and policemen to protect key units and maintain normal order in production and daily life. [passage omitted]

## FINANCE, BANKING

### Financial Situation Shows Improvement

HK0806094089 Beijing RENMIN RIBAO in Chinese  
2 Jun 89 p 1

[Report: "China's Financial Situation Shows Improvement in the First Quarter of This Year"]

[Text] Beijing, 1 June—According to JINRONG SHIBAO, the total volume of China's urban and rural bank deposits increased considerably in the first 3 months of this year. The state also successfully exercised control over the scale of bank loans and enjoyed a sufficient gold and foreign exchange reserve. Today JINRONG SHIBAO has been authorized to publish some important financial figures concerning China's gold and foreign exchange reserve as well as credit income and expenditure in the first quarter of this year. These important figures demonstrate that China's overall financial situation has shown improvement.

According to the statistics issued by China's banking departments, by the end of March this year, the total volume of China's bank deposits had stood at 752 billion yuan, of which the volume of bank deposits made by various enterprises had stood at 281.6 billion yuan and the volume of bank deposits made by urban and rural residents had stood at 349 billion yuan, an increase of 25.53 billion yuan compared with the situation at the end of last year. By the end of March of this year, the total volume of renminbi in circulation in China had stood at 209.9 billion yuan. With regard to China's bank loans, by the end of March of this year, the total volume of loans provided by various state banks had stood at 1053 billion yuan, which means that the increase of the state bank loans had dropped by 9.5 billion yuan as compared with the corresponding period of last year. Of the total volume of loans provided by various types of banks, the volume of fixed asset loans had stood at 154.6 billion yuan, the volume of loans provided to agricultural production had stood at 82.8 billion yuan, the volume of loans provided to industrial production and building enterprises had stood at 260.7 billion yuan, the volume of loans provided to supply and marketing of goods and materials and commercial enterprises had stood at 457.9 billion yuan, the volume of loans provided to urban and rural collective enterprises had stood at 64 billion yuan, and the volume of loans provided to individual industrial and commercial operators had stood at more than 2 billion yuan.

Moreover, by the end of May this year, the total volume of deposits received by China's rural credit cooperatives had stood at 141.4 billion yuan, of which the volume of deposits made by the peasant households had stood at 120.5 billion yuan. On the other hand, the total volume

of loans provided by China's rural credit cooperatives had stood at 102.1 billion yuan, of which the volume of loans provided to the peasant households had stood at 44.1 billion yuan, and the volume of loans provided to the town and township enterprises had stood at 49.4 billion yuan. The statistics issued by China's banking departments also show that by the end of March of this year, the total volume of assets owned by China's international financial institutions had stood at 18.52 billion yuan. By the end of March of this year, China's financial departments had borrowed loans totaling 57.646 billion yuan from the various banks in China.

Today JINRONG SHIBAO has also published the financial figures concerning China's gold reserve and foreign exchange reserve and China's foreign debt. By the end of March of this year, China's gold reserve had stood at 12.67 million ounces, while foreign exchange reserve had stood at \$17.488 billion, and foreign debt had stood at \$12.364 billion.

The spokesman of the People's Bank of China disclosed in Beijing today that although China's financial situation showed some improvement in the first quarter of this year, China still has a long way to go before she finally realizes retrenchment. Since China still lacks a solid foundation to sustain the improvement of her financial situation, one should not be too optimistic about China's financial situation. China will continue to suffer funds shortage for a long time to come. Thus, mobilizing all the Chinese citizens to deposit more money in the banks and absorbing more deposits from the Chinese citizens will become the key link in developing China's national economy and stabilizing China's financial situation. The People's Bank of China and various specialized banks in China will continue to enforce the retrenchment policy and carry out all the economic measures aimed at rectifying the economic order, improving the economic environment, and deepening the reform.

## INDUSTRY

May Steel Output, Inner Mongolian Coal Output  
OW1906045589 Beijing XINHUA in English  
0129 GMT 18 Jun 89

[Text] Beijing, June 18 (XINHUA)—Today's economic news briefs:

### Steel

China produced 5.11 million tons of steel and 4.85 million tons of pig iron in May, increases of 0.28 percent and one percent respectively over the same 1988 period.

### Coal

To date, Inner Mongolia produced 53.6 million tons of raw coal, fulfilling the state quota for the first half of the year 13 days ahead of schedule.

By June 16, the China Coal Industry Corporation had turned out 8.7 million more tons of coal than its plan.

### Telephone

Shanghai has updated its telephone facilities. Now 60 percent of the city's telephones, or 248,000 lines, are computer-programmed.

### Industrial Products Output for May

HK2006102189 Beijing CEI Database in English  
20 Jun 89

[Text] Beijing (cei)—Following is a chart of the output volume of main industrial products in May, 1989, released by the China State Statistical Bureau.

Item	Unit	Jan-May 1989	May 89	Percentage over Jan-May 89
Bicycle	10,000	1662.10	345.76	1.1
Sewing machine	10,000sets	399.51	84.54	2.4
Watch	10,000	2454.20	518.30	10.8
TV set	10,000sets	1166.76	246.07	34.6
Color TV	10,000sets	454.59	90.74	43.0
Radio	10,000sets	511.30	109.25	-23.6
Tape recorder	10,000sets	1013.60	190.96	21.1
Washing machine	10,000sets	449.94	87.78	12.1
Camera	10,000sets	101.60	22.51	-1.6
Fan	10,000sets	2245.64	592.87	26.8
Refrigerator	10,000sets	354.18	71.86	42.0
Chemical fibre	10,000tons	62.99	13.23	15.1
Yarn	10,000tons	180.95	39.87	-3.9
Yarn	10,000pcs	1007	222	
Cloth	100m.m	70.26	15.82	-1.4
of:				
Pure cotton	100m.m	44.02	9.93	-1.7
Chemical fibre	100m.m	26.17	5.80	-1.1
Silk	10,000tons	1.86	0.39	-3.6
Silk fabric	100m.m	5.94	1.33	-4.2
Woolen fabric	10,000m	10097	2215	-5.6
Knitting wool	10,000tons	8.61	1.92	8.2
Gunnysack	10,000pcs	29171	6229	-20.9
Garment	10,000pcs	7.67	1.69	
Sugar	10,000tons	346.01	4.70	10.6
Salt	10,000tons	944.90	496.90	20.8
Cigarette	10,000cases	1225.20	253.30	-1.7
Beer	10,000tons	264.33	76.14	14.5
Liquor	10,000tons	170.72	33.08	-10.9
Machine-made paper and kraft	10,000tons	456.98	103.98	3.3
of:				
Newsprint	10,000tons	11.08	2.21	0.9
Anastatic printing paper	10,000tons	30.95	6.42	7.7
Synthetic detergent	10,000tons	59.10	13.74	15.8
Daily fine aluminium products	ton	36648	8381	-15.5
Plastic product	10,000tons	141.31	29.08	4.9
Farming film	10,000tons	22.35	2.65	4.7
Bulb	100million	7.54	1.63	-1.0
Iron ore	10,000tons	6353.50	1395.90	0.6

Item	Unit	Jan-May 1989	May 89	Percentage over Jan-May 89
Pig iron	10,000tons	2280.60	493.60	-3.6
Steel	10,000tons	2426.30	519.40	
Rolled steel	10,000tons	1919.69	403.48	-2.6
Ferroalloys	10,000tons	77.89	19.30	9.6
Coke	10,000tons	1857.10	394.38	-4.6
Ten non-ferrous metals of:	10,000tons	81.11	17.73	3.3
Copper	10,000tons	20.05	4.24	-2.7
Aluminium	10,000tons	29.47	6.25	6.2
Copper products	10,000tons	15.55		3.13
Aluminium products	10,000tons	14.09		3.13
Antimony aluminium	10,000tons	49.80	10.49	-4.9
Troilite	10,000tons	423.50	100.21	10.2
Phosphorus ore	10,000tons	666.63	167.67	8.0
Sulphuric acid	10,000tons	463.10	98.55	0.1
Dense nitric acid	10,000tons	13.86	2.80	7.4
Sodium carbonate	10,000tons	113.06	24.29	4.9
Caustic soda	10,000tons	129.51	27.83	6.5
Ethylene	10,000tons	61.73	12.28	16.6
Calcium chloride	10,000tons	94.37	22.49	2.0
Pure benzene	10,000tons	24.79	5.06	1.6
Synthetic ammonia	10,000tons	801.44	173.56	-5.2
Fertilizer	10,000tons	749.11	162.47	-2.2
of: Nitrogen	10,000tons	588.56	126.05	-0.6
Phosphorous	10,000tons	158.15	35.56	-7.9
Potash	10,000tons	2.24	0.87	17.9
Chemical pesticide	10,000tons	9.71	2.51	8.9
Paint	10,000tons	31.17	7.26	-10.8
Dyestuff	10,000tons	5.30	1.18	1.9
Pharmaceuticals	10,000tons	7.85	1.71	0.6
Chinese patent medicines	10,000tons	10.12	2.13	-11.7
Tyre	10,000	1333.65	286.82	14.9
Synthetic rubber	10,000tons	12.75	2.48	10.7
Film	10,000meters	6406	1389	-20.5
Color film	10,000meters	6031	1388	-19.8
Plastic	10,000tons	87.52	17.49	32.7
Timber	2230	296	-2.5	
Artificial	10,000c.m	108.94	27.25	4.2
Cement	10,000tons	8061.20	905.50	4.4
Plate glass	10,000cases	3342.11	643.63	19.9
Power equipment	10,000kw	352.38	61.39	13.5
Alternating-current motor	10,000kw	1748.10	396.61	-9.9
Industrial boiler	ton	31625	9033	0.7
Machine tool	10,000sets	7.54	1.64	7.7
Numeric control tool	set	863	191	-15.3
Precision machine tool	set	605	128	28.7
Large machine tool	set	1802	349	-8.9
Automobile	10,000	25.77	5.53	5.0
Truck	10,000	17.03	3.70	5.2
Tractor (over 20 h.p)	10,000	1.95	0.39	-22.3
Small tractor	10,000	52.76	11.60	-13.2
Locomotive of:	set	282	56	-19.2
diesel motor	set	187	39	10.0

Item	Unit	Jan-May 1989	May 89	Percentage over Jan-May 89
Steam motor	set	26	4	-77.2
Electric motor	set	69	13	6.2
Passenger coach	set	736	187	-11.2
Freight wagon	set	10062	2243	6.5
Internal combustion engine	10,000kw	2665.70	569.20	18.7
Fishing ship		15	7	-6.3
Civil steel ship	10,000tons	19.46	6.28	-48.0
Computer	set	59	17	-37.2
Mini computer	set	23277	5120	20.5
Pocket calculator	10,000sets	180.90	45.19	29.3
Film projector	10,000sets	0.54	0.06	-20.6

Notes: m.m—million meters; c.m—cubic meters; pcs—pieces

### Industrial Enterprises Return to Normal Production

SK2606130289 Beijing Domestic Service  
in Mandarin 0930 GMT 23 Jun 89

[Text] Thus far, industrial enterprises in Beijing Municipality have comprehensively returned to normal production, and the 1 million workers and staff members of industrial and communications enterprises are working hard to make up for the losses caused by disturbances and the counterrevolutionary rebellion.

Over the past 2 months, communications, transport, and industrial production of Beijing Municipality has been seriously affected by disturbances and rebellion. From 3 to 9 June alone, some 1 million tons of goods and materials, which should be carried to and out of Beijing, have met with obstructions, thus adversely affecting production and causing grave losses.

On 9 June, the Beijing Municipal Party Committee and the municipal government held a mobilization rally, calling on workers and staff members of enterprises to rapidly restore production by hook or by crook in order to make up for the losses caused by disturbances and the counterrevolutionary rebellion. In restoring the normal production order, pertinent departments in Beijing Municipality, beginning with the work of solving communications and transport problems, have given priority to arranging for the production of the products closely related to people's livelihood and the production of large and key enterprises in order to ensure that these enterprises return to normal production before others. During the 5 days from 10 to 15 June, workers and staff members of railway, highway, communications, and transport departments worked extra shifts or extra hours to transport 1 million tons of 1,300 packing boxes of overstocked goods, thus basically restoring the normal order in transportation of all kinds of goods and materials in Beijing and creating conditions for the normal operation of enterprises' production. As of 20 June, all of the 900 enterprises subordinate to the 16 industrial

general companies in the municipality returned to normal production. Due to the current disturbances and rebellion, the Beijing state-operated No 1, No 2, and No 3 plants missed 20 to 30 shifts of production. After restoring production, workers and staff members of these plants voluntarily made every minute and second count to make up for the losses, not stopping machines even during their meals. At present, they have reached a highest level in per unit and daily output.

### Steel Output Suffers Setback

OW2106043889 Beijing XINHUA in English  
0038 GMT 21 Jun 89

[Text] China produced 24.26 million tons of steel during the first five months of this year, according to the Ministry of Metallurgical Industry.

The figure represented a 780,000-tons decrease over the same period last year, due to big production drops in January and February caused by energy and raw material shortages, the English-language newspaper CHINA DAILY reported.

However, production has been rising since March. The total steel output reached nearly 5.2 million tons last month, an increase of 1.7 percent over May of last year.

The industry's daily steel output in May and the first two weeks of June has been kept steady at about 160,000 tons despite disturbances and traffic problems caused by the national unrest during the period.

The Capital Iron and Steel Corporation in Beijing reported increases in pig iron, steel and steel products for the first 15 days of this month.

The corporation reported that its net profits in the first five months this year increased by 22.4 percent.

The giant Baoshan Iron and Steel Complex in Shanghai, the most advanced steel producer in China, produced 8.2 percent and 9.8 percent more pig iron and steel in May than in the same period of last year.

The daily steel output in May at the Anshan Iron and Steel Complex, the largest in China, was keeping pace with its planned annual rate of eight million tons.

The production of pig iron, steel and steel products at the Wuhan Iron and Steel Complex in Hubei Province reached 13,000 tons each in May, the best month so far this year.

### Industrial Growth Rate Slows

HK2206072889 Beijing CHINA DAILY in English  
22 Jun 89 p 1

[By staff reporter Zhang Yuan]

[Text] China's industrial development has cooled down while its industrial structure tended to become more rational in May, according to the State Statistical Bureau's monthly report.

Last month, industrial output value went up 11.1 percent to hit 114.6 billion yuan as compared with the same period last year, but daily output value was up by only 0.9 percent over the previous month, which was lower than the average figure of previous years.

State-owned enterprises developed steadily while the speed of collectively-owned enterprises, especially rural factories, slowed further in their growth, which contributed to cooling down the overheated economy.

The producers of energy, raw materials and basic daily goods, which had for a long period of time lagged behind the growth in demand, now report an upward trend, the report said.

In the first five months of this year, industrial output value of the country reached 520.5 billion yuan, up 11.2 percent over the same period last year.

Of this, light industry was 264.9 billion yuan, up 11.8 percent and heavy industry increased by 10.7 percent to 255.6 billion yuan.

Last month, fixed assets investment by state-owned units was 13.7 billion yuan, down 13.9 percent over the same month last year, which is also the lowest this year.

Total fixed assets investment within the first five months was 44.2 billion yuan, down 7.1 percent.

In that period, newly-started fixed assets investment projects numbered 3,134, a decrease of 8,742 over last year's corresponding period.

The report noted that this was still far removed from the plan of a cutback of 28.8 percent this year.

As price increases were controlled to some degree in the past few months, sales of consumer goods last month were the lowest this year at 67.7 billion yuan, up 17.2 percent.

In the first five months, total retail value of consumer goods was 345.4 billion yuan, up 20.2 percent over last year.

According to a survey in 35 cities, the living cost of urban workers increased by 25.2 percent last month, which was 0.4 percent lower than the previous month.

Average rise of the cost of living in the first five months of this year was up by 28.5 percent. This is mainly because of the price increase in industrial products. This was closely connected to the price rise of raw materials.

Customs' figures show that exports in May were \$4.43 billion, up only 0.8 percent while imports were \$5.31 billion, up 21.1 percent.

### Steel Output Surpasses State Plan

OW2006190489 Beijing XINHUA in English  
1211 GMT 20 Jun 89

[Text] Beijing, June 20 (XINHUA)—China's steel output averaged at 160,000 tons in the first ten days this month, exceeding the target set by the state plan, XINHUA learned from the Ministry of Metallurgical Industry.

The average output also surpassed that of the first quarter this year, a ministry official said.

Despite the inconvenience of transportation caused by the turmoil, China produced 5.19 million tons of steel in May, an increase of 1.76 per cent over the same period last year.

The ministry also declared the growth of some products urgently needed by the domestic market such as thin steel plate and seamless steel tube.

### Liaoning Metallurgical Industry Increases

HK1406120989 Beijing CEI Database  
in English 14 Jun 89

[Text] Shenyang (CEI)—The metallurgical industry has developed rapidly over the past decade in Liaoning Province, one of China's heavy industrial centers.

The major achievements are:

—Steel output in the northeast China province increased to 12.05 million tons in 1988, 42 percent more than in 1978.

—Industrial output value totalled 10.5 billion yuan in 1988, representing a 54.4 percent growth; the sales income jumped 158 percent to 14.8 billion yuan, and profits and taxes increased 96 percent to 4.1 billion yuan.

—The metallurgical industry in the province has produced 1,006 scientific research findings, including 115 items up to the advanced international level, and 69 percent of the steel products have adopted international advanced standards.

—The industry earned 115 million U.S. dollars in 1988, 39 percent more than in the previous year. There are also 13 Sino-foreign joint ventures in this sector.

## COMMERCE

### Commerce Minister Discusses 'Commercial Culture'

HK0906152789 Beijing RENMIN RIBAO in Chinese  
4 Jun 89 p 5

[Article by Wang Jing 3769 7234: "Minister of Commerce Hu Ping Proposes Creating the Science of Commercial Culture With Chinese Characteristics"]

[Text] Minister of Commerce Hu Ping's proposal concerning creating the "science of commercial culture" has

drawn the attention of many people in various circles in China and abroad. Research into the "science of commercial culture" is beginning to take shape in China. Several days ago the writer of this article interviewed Comrade Hu Ping on the "science of commercial culture." The following is a record of their questions and answers.

**Question:** The emergence of enterprise culture in the late 1970's has produced a great impact on economically developed countries. What was the basis of your proposal for creating the "science of commercial culture"?

**Answer:** "Commerce is commerce, and culture is culture; they do not communicate with each other." This is an old concept that has taken deep root in people's minds. As a matter of fact, commerce and culture are not irrelevant to each other. The more developed commodity economy is, the richer commercial culture will be. The purpose of creating the science of commercial culture is to cope with the development of commodity economy, to strengthen ideological and political work, to enhance the level of commercial work, and to improve the people's cultural quality. For example, commercial sales require commercial advertisements, and good commercial advertisements depend on the study of people's cultural and psychological quality. Business will thrive when commodities are good and marketable and suit the buyers' psychological needs. The study of commercial culture can become an important wealth.

**Question:** Commercial culture arose with the emergence of the modern commodity economy and the formation of urban culture. What is the scope of commercial culture you propose?

**Answer:** Commercial culture covers all trades in the circulation field. Take tea as an example. There is "tea culture." There is "tea sutra" in China and "tea theory" in Japan. Wine also has culture. Li Bai "wrote poems while drinking wine" and many poets in the Tang Dynasty drank wine while writing poems. Some people in the Qing Dynasty were fond of nasal smoking. This gave rise to nasal smoking art and combined smoking with culture. The best cookery is the product of Chinese catering culture. Fashion shows are a part of fashion culture. There is also service culture (such as photography). The proverb "a pearl seller will get the pearl back by selling it in a glittering box" suggests the importance of beautiful packaging. Beautiful packaging can encourage the buyer to buy. There is also advertising culture, shop window culture, sales counter culture, and so on. Traditional temple fairs are a combination of culture and commodities. Commercial culture is rich in content and should be seriously studied.

**Question:** The development of China's modern commodity economy and commercial culture has been very slow. Apart from external factors, this has been due to the seclusive and conservative nature of the country's traditional culture. What do you think is the way to break away from the bind of the backward aspects of

traditional culture and to retain the essential part of the people's aesthetic concepts so as to create commercial culture with Chinese characteristics?

**Answer:** Traditional culture embodies China's national conditions, whereas modern culture is developing according to world needs. Commercial culture combines traditional culture, modern culture, and overseas culture. Japanese cartoons and America's Mickey Mouse have produced a great impact on many countries in the world because they keep changing and are full of imagination. Our "King of the Monkeys" should have produced a greater influence, but because it is not combined with modern culture, the prowess of the "King of Monkeys" cannot be brought into full play. If our food sculptures used at dinner for foreign guests can give expression to fortune, happiness, or blessings, their influence will be much greater. In short, we should not create "commercial culture" without Chinese characteristics, otherwise this will be like "an ugly woman knitting her brows in imitation of a beautiful lady."

**Question:** As a component of the economy, commerce is the basis on which social culture develops, and in return culture serves the economy, which includes commerce. What do you think of the present state of China's commercial culture?

**Answer:** About 30 million commercial staff members and workers are working in the forefront of economic work. Their service quality plays an important role in stabilizing the lives of the people and therefore reflects the country's cultural level. Good commercial culture can play a stimulating role, create a competitive atmosphere, and help commercial work take on a new look. Over the last few years explorations in the commercial field, such as research into customers' and consumers' psychological condition, market forecasting, and the popularization of polite service for customers, have helped improve service work and service quality. In addition, marked progress has been made in utilizing commercial advertisements and packaging. The cultural cultivation of staff and workers in the commercial field keeps improving, and on average they have acquired secondary school education. Obviously this is beneficial to the prosperity of commercial culture and to the development of the commodity economy.

## FOREIGN TRADE, INVESTMENT

**Anhui Foreign Economic Relations Improve**  
OW2406233089 Beijing XINHUA in English 1344  
GMT 24 Jun 89

[Text] Hefei, June 24 (XINHUA)—Foreign economic relations and trade has been developing steadily in Anhui.

According to Wang Qinghua, director of Anhui provincial committee of Foreign Economic Relations and Trade, in the first five months this year the provincial



government utilized 25.01 million U.S. dollars of foreign investment, 3.5 times the figure of the same period of last year.

The provincial government has approved 14 joint ventures, solely foreign-funded and cooperative enterprises, with agreements involving 2.56 million U.S. dollars of foreign investment, up 27 percent over last year.

The province signed 13 contracts on import of technology involving 7.64 million U.S. dollars; on the other hand, contracts on export of Chinese technology involve 6.96 million U.S. dollars.

According to the director, the province has fulfilled the export targets of 11 categories of products for export for the first half of this year one month ahead of the time.

The turmoil in Beijing in April and May did not have much impact on the province's foreign economic relations and trade.

According to the director, since April, the province has approved the establishment of eight enterprises funded by businessmen coming from the United States, Japan and Hong Kong, with a total investment of 6.34 million U.S. dollars. The provincial government has also initiated three contracts on utilizing loans provided by foreign governments, involving 13.8 million U.S. dollars.

#### **Ministry Announces 'Break-Through' as Buses Find World Market**

OW1606130189 Beijing XINHUA in English 0813  
GMT 16 Jun 89

[Text] Beijing, June 16 (XINHUA)—China has made a breakthrough in exporting commercial vehicles, according to the Ministry of Construction today.

The ministry said the China International Trust and Investment Corporation (CITIC) and China North Industrial Corporation signed an agreement with Peru May 27 on exporting 5,500 buses, and CITIC signed another agreement with Nigeria on exporting 500 buses. The Guangzhou Bus Factory is concluding a contract with Thailand on exporting 200 buses and the China Great Wall Industrial Corporation has signed an agreement with Chile on exporting 200 buses.

In addition, the China Machinery Import and Export Corporation and the Harbin Bus Factory have started business talks with Chile and the Soviet Union on exporting trolley buses and building buses with supplied materials.

An official from the ministry said that at relatively low prices, Chinese buses are competitive on the international market.

Some buses, he said, have reached the world level of the late 1970s or the early 1980s, and are suitable for use in Third World countries.

The ministry is striving to export 300 to 500 buses this year, 500 to 1,000 the next year, 1,000 to 1,500 in 1991, and 2,000 by 1992, he said.

#### **Shaanxi Attempts To Soothe Investors' Nerves**

HK0106040189 Hong Kong SOUTH CHINA  
MORNING POST in English 1 Jun 89 p 1

[By Richard Roy in Xianyang, Shaanxi]

[Text] Shaanxi trade officials yesterday sought to brush aside negative investment effects of China's political crisis and made a strong plea for Hong Kong and other foreign involvement in the province's industry.

Gross industrial output value from the resource-rich province last year was 26.3 billion yuan (about HK\$52.6 billion) and exports ranged from garments to heavy trucks to aircraft engine parts.

"The situation is steady in Shaanxi," said Zhu Daan, deputy division chief of Shaanxi's foreign affairs office.

Mr Zhu spoke in Xianyang, the original site of the Shaanxi capital built in the Qin dynastic period in the third century BC, and where the communist government developed a new industrial zone after the 1949 revolution.

"The recent political events have had no fundamental influence on industry in Shaanxi," said Mr Zhu, who was trained in Algeria and is fluent in French.

"As far as existing and potential foreign investors are concerned, everything is okay," he said.

"We think that, until now, Hong Kong investors haven't really discovered Shaanxi as a manufacturing base; I don't think they realise quite how great are the benefits and advantages of our raw materials base, our existing industries which need an injection of new capital, and our low-cost labour and energy."

He described as "welcome, but too little" existing Hong Kong manufacturing investments in ventures making telephone switch-gear, woollen shirts, plastic ceiling materials, radio parts and nylon zippers.

Hong Kong's strongest investment presence in the province is in the hotel industry, principally in the modern-day capital, Xian.

What Shaanxi would most like to see from Hong Kong companies, Mr Zhu said, was investments in machinery-making, insecticide production, paper-making and heavy vehicles.

When asked whether he thought those sectors were appropriate for Hong Kong's almost exclusively light industrial operators, Mr Zhu said it was the territory's "financial, trading managerial and organisational inputs" that were needed.

Shaanxi province has five principal industrial centres: Xian, the capital, and for centuries a major trading city; Xianyang, the ancient former capital 25 kilometres to the northwest; Baoji, 200 kilometres to the west on the Gansu border; Tongchuan, 120 kilometres north of Xian; and Hangzhong on the upper reaches of the Han Shui river in the province's far southwest.

Shaanxi's gross national product last year was calculated at 22.6 billion yuan and industrial and agricultural income at 18.07 billion yuan.

Xian's mix of light and heavy industry includes aircraft and aircraft engine manufacturing (Xian Aircraft Co and Xian Aero-Engine Corp); buses and truck building (Shaanxi Heavy Vehicle Manufacturing Plant); colour television sets and refrigerators (Yellow River Machinery Factory); sewing machines (Shaanxi Sewing Machine Factory); and Xian Paper-Making Machinery Factory, which has just signed a 20-year joint venture with Finland's Valmet.

Aircraft engine builder Pratt and Whitney of the United States has a parts production sub-contracting arrangement with Xian Aero-Engine Corp; and Xian Aircraft, producer of the Y7100 passenger aircraft, the Y14 freighter and China's B6D medium bomber, is seeking a foreign partner for a new generation of passenger planes.

A second Shaanxi plane-maker, Shaanxi Aircraft Co, manufactures in Huanzhou.

U.S. pharmaceutical house Johnson and Johnson has a joint venture production operation in Xian, as does the Danish pharmaceutical house, Jansen.

In Xianyang's industrial zone, textiles and electrical-electronic appliance production dominate the production scene.

Four state-owned spinning and waving mills, none yet with foreign partners, concentrate on a range of predominantly natural fibre—these days, wool—yarns and fabrics for both apparel and carpeting.

Phase II of Xianyang Colour TV Tube Factory's expansion program is under construction with an output target of three million cathode ray tubes per year, more than doubling current production of 1.3 million units.

The company also has plans to integrate full television set manufacturing with the tube side of its operation.

Xianyang also has plants producing industrial porcelain and nitrogenous fertilisers.

Tong Chuan, a major producer of coal, has a major cement industry as well as factories producing home-use porcelain products, crystals, textiles (Tongchuan Yaozhou Textile Mill has installed capacity of 750 spinning machines delivering 50,000 yarn spindles per year) a 130 million yuan aluminium plant with output of 35,000 tonnes of electrolytic aluminium and wire rod per year, and a calcium carbide plant.

Hanzhong until recent years was a major centre for China's production of weapons and ammunition. Consequently it has vast metal working capacity which China now wants to convert to civilian industrial applications.

"It has exceptional technical ability and the search is on throughout the world for partners in joint-venture consumer goods manufacturing," Mr Zhu said.

He said in Hong Kong's case, joint ventures in, for example, plastic injection moulding machine building, of which the territory has three major operators, would be particularly welcome.

Apart from Shaanxi Aircraft Co, Hanzhong is a major producer of tea, silk garments, liquor—including Hangzhou Liquor Factory's San Liang Yie spirit and rice wine—and metal cutting machines.

The Hangzhou region's reserves of raw bamboo, some 14,000 hectares of it, made the city an ideal centre for paper and packaging manufacturer, Mr Zhu said.

He added that the state had already committed itself to building a paper processing plant and was actively seeking foreign investment partners.

Baoji is a significant producer of specialty steels and alloys for the China aerospace sector and also has plants making refrigerators and, in one U.S. joint venture case, electronic pacemakers for human hearts.

#### **Use of Foreign Funds Increases in Shandong** *HK1406121989 Beijing CEI Database in English* 14 Jun 89

[Text] Jinan (CEI)—Shandong has signed 132 contracts with foreign funds in the first four months of this year, involving a total investment of about 93 million dollars, a 120 percent and 79 percent increase respectively over the same period of last year, according to the Shandong Provincial Foreign Economic and trade Commission

Last year, the province approved 420 foreign-funded projects involving 510 million dollars, an increase of 100 and 290 percent respectively over the previous year. So far, the province has 1479 projects using foreign funds totalling 1.11 billion dollars.

They are mostly focused on light textile and chemical industries, aquatic products, livestock breeding, and ocean shipping, and 95 percent of the projects are productive enterprises. Most are established on the basis of old enterprises renovated with advanced technical equipment and management imported from foreign countries.

The foreign investment mostly came from Hong Kong, Macao, Japan, the United States, France, Singapore, Malaysia, the Federal Republic of Germany, Great Britain, Italy, Australia, Canada, Thailand and Switzerland. The proportion of foreign funds in the registered capital has increased to 48 percent from 30 percent.

Among the approved projects, 892 items involving 530 million U.S. dollars were processing and assembling with raw materials and samples supplied by foreign businesses and compensation trade. They are concentrated in woolen textile, rubber, plastic, arts and crafts, and aquatic products.

The 115 foreign-funded enterprises which went into production last year have achieved an output value of 590 million yuan, reaped 37.28 million yuan of project paid 22.65 million yuan of taxes and earned 45.34 million dollars in foreign exchange.

**Shandong Governor Speaks on Foreign Trade**  
*SK0406052689 Jinan Shandong Provincial Service*  
*in Mandarin 2215 GMT 2 Jun 89*

[Text] On the morning of 2 June, Zhao Zhihao, deputy secretary of the provincial party committee and provincial governor, and Li Chunting, provincial vice governor, went to Qingdao to inspect and give guidance on foreign trade work. They pointed out that it is necessary to foster the idea of large-scale foreign trade and enliven the economy of the entire province through the support of foreign trade.

At a meeting of cadres at and above the section level of foreign trade departments, Li Chunting relayed the opinions on strengthening foreign trade work given by Jiang Chunyun, secretary of the provincial party committee, and pointed out: The new situation requires that very great development be achieved in foreign trade. We should make full use of our province's advantage of having many ports for egress from Shandong, and take vigorous action to attract more goods from across the country to be exported from our province. Foreign trade departments should abandon their idea of monopolized business, foster the idea of large-scale foreign trade, and actively recruit new clients to change the current situation in which sales channels, clients, and methods are few.

Provincial Governor Zhao Zhihao pointed out in his speech: At present the province is confronted with many difficulties and problems as the decline in exports has yet to be reversed, and deficits are still on the rise.

Zhao Zhihao said: Foreign trade development is a major issue concerning the entire economic situation of the province. If we fail to promote foreign trade, and even allow it to decline, not only will we be unable to supply the foreign exchange needed by various quarters, but also the economic development of the entire province will be affected. When carrying out duties, thinking over issues and performing work, comrades of foreign trade departments should proceed from the needs in the overall economic and social development of the province, have the courage to abandon the pattern of monopolized business, and encourage everyone to develop foreign trade. Foreign trade should be geared to promotion of economic development. Only when we have many and good-quality commodities can we have stable supplies of goods for exports.

Zhao Zhihao pointed out: Equality and mutual-benefit are important principles for commodity exchange. If the distribution of interests is unfair, and the disparity is too large, the enthusiasm of production units will be dampened, and ultimately foreign exchange earning through exports will be affected. To encourage the entire society to develop foreign trade, the provincial party committee and government recently issued for implementation 17 preferential policies on foreign trade. Good policies should be accompanied by good management. Therefore, we should exert great efforts to popularize advanced experiences, and encourage more enterprises to become large foreign exchange earners through exports.

**Hunan Urges Overcoming Problems in Foreign Trade**

*HK0606054989 Changsha Hunan Provincial Service*  
*in Mandarin 2200 GMT 3 Jun 89*

[Text] Yesterday morning, the provincial government held a meeting of managers of foreign trade companies to assign this year's tasks for contracting exports.

Vice Governor Yu Haichao emphasized at the meeting: All foreign trade staff must brace themselves and surmount difficulties to firmly fulfill this year's tasks for contracting exports. Comrade Yu Haichao said: This year's plans for earning foreign exchange through export and contracting have just now been assigned. The plans may be a bit late but they have been repeatedly discussed and studied and they are relatively in line with actual conditions. All enterprises will certainly be able to fulfill them after all their efforts. At present there are numerous difficulties in export work of our province—a lack of funds, a shortage of raw materials, price hikes, the strain on the supply of goods and insufficient transport facilities. How to overcome the present difficulties? First, we must reach a common understanding and gird ourselves to undertake these tasks. Second, top priority must be given to finding new resources of export goods. It is necessary to arouse the initiative in all sectors and strengthen coordination. We should in no way miss the opportunity to purchase export goods by only considering the interests of one's own unit. Yu Haichao also emphasized: This year's plan for the supply of export goods should be based completely on the plan jointly worked out by the Provincial Planning Committee, the Provincial Foreign Economic Relations and Trade Committee and the Provincial Financial Department. If the quantity of goods to be supplied in the foreign trade plans drafted by the departments in charge of production is smaller than that in the plan set forth by the provincial authorities, we must act according to the provincial plan.

**Import Momentum Worries Northeast Industry Managers**

*HK0206053789 Hong Kong SOUTH CHINA*  
*MORNING POST in English 2 Jun 89 p 13*

[Text] Industry managers from northeast China, the nation's major heavy industrial region, expressed worries about the current import momentum in yesterday's ECONOMIC INFORMATION.

Mr Geng Zhaojie, director of the Changchun No 1 automobile plant, said China was capable of producing cars but its vehicle industry had not received proper support and was being harmed by the reckless import of cars.

In the two years from 1983 to 1985 the country imported 132,000 cars, inflicting a heavy blow on the domestic vehicle industry, Mr Geng said.

Electrical machinery is also suffering. According to Mr Zhang Denan, director of the Harbin electrical machinery plant, China has become a big producer of power-generating equipment.

"Taking our plant for example, we turn out one-third of China's power-generating equipment, and our 300,000 and 600,000 kilowatt generating units are popular in the United States, Canada, and seven other countries. However, some domestic power stations just won't purchase domestically made products and spend large sums of foreign exchange importing foreign generating equipment," said Mr Zhang.

According to Mr Zhang, China had signed import contracts for 12 million kilowatts of generating equipment, and negotiations are under way for the import of another 7 and 1/2-million kilowatts of such equipment by the end of February.

Industry managers called for effective measures to support national industries.

#### **Audio Equipment Tops Export List**

HK0806020889 Beijing CHINA DAILY in English  
8 Jun 89 p 2

[By staff reporter]

[Text] Audio equipment has become the leading export item among Chinese-made household electrical wares.

Last year, audio manufacturers earned \$224 million through overseas sales of cassette recorders, radio-recorders and audio equipment sets. This year, audio equipment exports have continued their upward climb.

According to the General Administration of Customs, in the first four months of this year, China exported 3.48 million cassette recorders, radio-recorders and audio equipment sets worth \$75 million. This number and value were 26.8 percent and 49.3 percent higher, respectively, than the same period last year.

The value of audio equipment exports was second only to that of television exports, which totalled \$80 million in the same period.

Other major household appliances, including sewing machines, electric fans, bicycles and watches brought in foreign exchange earnings in 1988 ranging from \$8.6 million to \$38 million.

The increased emphasis on exports are alleviating a glut of audio equipment on the domestic market. By the end of last year, Chinese department stores reported unsold stockpiles of only 5.2 million cassette recorders, radio-recorders and audio equipment sets, 34.7 percent below the previous year.

During the export drive, 17 factories of electronic audio equipment have expanded so rapidly that they are now among the nation's top 100 electronic industrial firms.

The Chinese Industrial Association of Audio Equipment has played an important role in assisting the industry since the association was formed in 1981.

The association has advised the enterprises to aim for markets in the countryside and abroad. It also has tried to curb the establishment of new businesses within the industry.

To help sell Chinese-made audio equipment overseas, the association has tried to reduce manufacturers' production costs and to coordinate exporters' activities.

Thanks to the association's efforts, some producers of key components have been able to lower their prices by 9 percent, which helps manufacturers who assemble the parts. And the production costs of complete sets have been cut by a dozen yuan.

The association also stipulates that its 11 magnetic head factories export at least 15 percent of their total annual production at unified prices.

#### **Foreign Economic Relations Agency Opens in Fujian**

OW1506005489 Beijing XINHUA in English  
1417 GMT 14 Jun 89

[Text] Fuzhou, June 14 (XINHUA)—An agency attached to the Ministry of Foreign Economic Relations and Trade opened today at Fuzhou, capital of south China's Fujian province.

Chen Quanyuan, chief of the agency, said that the establishment of the agency aims to provide more efficient and convenient services for the development of the province's foreign economic relations and trade.

He said that the agency would take up the task previously undertaken by the ministry's Shanghai agency, including checking, approving, signing and issuing import and export licences for the region, and approving and administrating foreign agencies stationed in the province.

The agency is also to supervise and check the work of local foreign economic relations and trade departments, he said.

Chen said that the agency will also study and make surveys of the work of local departments in implementing foreign trade policies, system reform and operation, and put forward suggestions for them.

**Shaanxi Meeting Views Trade, Export Problems**  
*HK1606061789 Xian Shaanxi Provincial Service*  
*in Mandarin 2330 GMT 15 Jun 89*

[Text] The provincial foreign economic relations and trade commission held a telephone conference for the provincial foreign economic relations and trade system to make proper arrangements for this work. The meeting called for a rapid reversal of the possible slide in the province's foreign trade and exports.

Due to the recent serious turmoil Shaanxi's foreign trade and export situation, which had maintained an excellent growth momentum since last year, has deteriorated. Exports in May were down by about 11 percent compared with the same month last year and large quantities of export goods worth \$10 million were piled up at ports, railroad stations, or in warehouses. Since the beginning of June, due to transport blockages at the Wuhan Bridge and on the railroads at Zhengzhou and elsewhere, rolling stock belonging to the provincial grain, oil, and food import and export company was stuck at Jiangbei, Wuhan, for 4 days. With the addition of other factors, such as abnormal production conditions in some export enterprises, the province only fulfilled 9.7 percent of its June export quota in the first 10 days of the month, and registered a decline of 63 percent compared with the same period last year.

The provincial foreign economic relations and trade commission demanded that the staff and workers in the provincial foreign economic relations and trade system urgently mobilize and take effective measures to recoup the losses caused by turmoil. They must grasp things with two hands. On the one hand they must oppose turmoil and seriously organize the study of Comrade Deng Xiaoping's speech and the relevant documents from the CPC Central Committee and the provincial party committee and government. The staff and workers in the system must maintain unity with the central authorities in ideology, politics, and action. On the other hand they must get a good grasp of earning foreign exchange from exports. At present it is particularly necessary to make every effort to improve transportation, do everything possible to resolve the problem of capital needed for foreign trade and exports, and further strengthen organization and management of sources of export goods.

With the concern and support of the railroad, banking, taxation, foreign exchange control, customs, and other departments and the leaders of prefectures and cities, we should promptly resolve the problems encountered in foreign trade and exports and actively help solve the difficulties facing foreign trade enterprises and enterprises with three capital sources, to promote the sustained and steady development of the province's foreign trade.

## ECONOMIC ZONES

**Haikou Speeds Construction of Development Zones**

*HK0906134189 Beijing CEI Database in English*  
*9 Jun 89*

[Text] Haikou (CEI)—Haikou, capital of China's newly-founded Hainan Province, are accelerating the construction of four developing zones including Pingjiang, Jingpan, Yongwan and Haidian East Zones.

By the end of May, the construction of 57 projects involving more than 600 million yuan with the total floor space of over 600,000 square meters are in full swing.

Located in the northwest of Haikou, the Pingjiang (finance) Development Zone, which covers an area of 109 hectares with 113.3 million yuan of investment, is speeding its basic construction. Seven projects from six enterprises and institutions have started their construction. The building of 100,000 square meters, half of the total floor space, are under construction.

In Yongwan, the construction of eight projects involving 350 million yuan have started. In Jingpan, over 113 hectares of land have been levelled and nine projects will be started to build in this year.

**Industrial Development Zone Planned for Hainan**

*HK0806110789 Beijing CEI Database*  
*in English 8 Jun 89*

[Text] Haikou (CEI)—A program for establishing the Basuo Industrial Zone has been approved here recently.

Located in the southwest of Hainan Province, Basuo is the province's largest port. It has excellent conditions for developing industry.

Scientists and experts inspected the area early this year. They put out a 13-point program which included population prediction, feasibility study of iron and steel industry and economic analysis.

The program envisages that by the year 2005, Basuo Industrial Development Zone will cover 500,000 square kilometers with a population of 250,000 and annual output value of 4.7 billion yuan.

The total investment is estimated to reach 18.584 billion yuan. Earlier projects to be built include a thermal power station, a cement plant, a glass factory, a news print factory, and a caustic sodar factory.

**Shenzhen's Economic Development Strategy**  
40060502a Hong Kong CHING CHI TAO PAO  
[ECONOMIC REPORTER] in Chinese  
3 Apr 89 pp 16-17

[Article by Liu Wenshao 0491 2429 7300: "The Multipurpose Development Research Institute (Shenzhen, China) Discusses the Shenzhen (Special Economic Zone's) Development Strategy"]

[Text] The Multipurpose Development Research Institute (Shenzhen, China) that was just proclaimed to be founded on 14 February 1989 in Shenzhen, immediately held a 2-day meeting on 15 and 16 February to discuss the Shenzhen Special Economic Zone's development strategy. Almost 100 people, including Ma Hong [7456 3163], director of the research institute; Jiang Yiwei [5592 0001 5517], assistant director, Chen Jinhua [7115 6930 5478], Gao Shangquan [7559 1424 0356], and Lin Ling [2651 0407], deputy directors of the research institute; the directors and other specialists and scholars who took part in the first meeting of the board of directors of the research institute; Li Hao [2621 3493], advisor to the research institute and mayor of Shenzhen; Qin Wenjun [4440 2429 0193], deputy director of the research institute and deputy secretary of the Shenzhen municipal party committee; Zhou Xiwu [0719 3305 5294], deputy secretary of the Shenzhen municipal party committee and vice mayor of Shenzhen; and responsible people and scholars from relevant Shenzhen departments, attended the meeting. Zhou Xiwu first gave a report at the meeting on "Studies on the Shenzhen SEZ's Construction and Development Strategy," which was followed by small group discussions and general meeting speeches. People, such as Dai Yuanchen [2071 0954 2525], Wang Zhuo [3769 3820], Chen Dongsheng [7115 2767 3932], Yang Qixian [2799 0796 0341], Ji Chongwei [1323 1504 1218], Zhang Peiji [1728 1014 1015], Chen Qiwei [7115 3823 0251], Teng Weizao [3326 4850 5679], Pu Shan [3184 1472], Li Chang [2621 2409], and Hong Xiaoyuan [3163 1420 3293], spoke at the general meeting. Yu Zuyao [0060 4371 1031] and Liang Wensen [2733 2429 2773] gave written statements and Ma Hong and Li Hao gave speeches.

The Shenzhen SEZ's development strategy has undergone three major discussions that have produced positive results in recent years. The first one began in February 1981 and, after one year of investigation and study, drew up the "General Plan for the Shenzhen SEZ's Social and Economic Development." The second one that began at the end of 1984 made a more comprehensive and systematic study of the Shenzhen SEZ's development strategy. A group of specialists headed by Liu Guoguang [0491 0948 0342], vice president of the Chinese Academy of Social Sciences, took part in the study. It made a specific report on the strategic objectives of the Shenzhen SEZ's development. It emphasized that Shenzhen's strategic objectives were to become export-oriented; uphold the principles of giving priority to advanced industries, developing industry and trade

simultaneously, and coordinating industry, trade, and technology; and set up a multipurpose SEZ. It also pointed out that Shenzhen's development could be divided into three phases (the initial foundation-laying phase, the development and opening up phase, and the improvement and formative phase), that the Shenzhen SEZ must be given more power to explore and experiment, and that it must have an administrative standard and status comparable to Hong Kong's after its return to China in 1997. The third discussion was held after the 13th CPC Congress in 1987 when Shenzhen City proposed the following three objectives for its future struggle: 1) to take the lead in realizing the second and third objectives of the national economic development strategy; 2) to become an important base for earning foreign exchange from exports; 3) to take the lead in setting up a new system that operates according to international practice. It made a tentative forecast and plan for the Shenzhen SEZ's economic development in the year 2000 based on these objectives.

The present meeting was another major, high-level discussion. Zhou Xiwu first pointed out in his report the following issues in Shenzhen's development strategy that need to be studied, in hopes that the specialists and scholars taking part in the meeting would express their opinions:

1. *The Shenzhen SEZ's Development Orientation.* This issue includes the following three questions: a) What will be Shenzhen's exact status, what particular role will it play, what specific tasks will it undertake, and what actual functions will it have in building socialism with distinct Chinese characteristics, having an administrative structure that is open to the outside world, putting into effect a coastal development strategy, and forming an international economy?; b) What kind of development model should be adopted for the Shenzhen SEZ and how will it be different from that in the rest of China or in overseas export production zones?; c) What kind of system and policy measures should the Shenzhen SEZ have?

2. *The Shenzhen SEZ's Economic and Industrial Structures.* This includes its ownership structure proportions, how its industrial structure can be improved, and ways and means to develop high-tech industries.

3. *The Shenzhen SEZ's Relations With the Rest of China and the International Market.* This includes how Shenzhen can develop without affecting the rest of China, how it can establish an international sales network as quickly as possible, how it can play a "leading" role in developing an export-oriented economy, how it can set up a transnational conglomerate, and how it can increase its commercial profits.

4. *The Need for the Shenzhen SEZ To Work Wonders by Becoming an Advanced Zone With a Prosperous Economy and a Good Political Atmosphere.* This includes how Shenzhen can preserve its socialist style along with rapid economic development, how it can build good socialist

morality under the conditions of a commodity economy, and how it can better express the advantages of socialism.

The specialists and scholars who spoke at the meeting made many valuable suggestions on the Shenzhen SEZ's development strategy, which are summarized as follows:

### **I. The Key Issue Is That a SEZ Must Be "Special"**

People's horizons have to be broadened and their thinking has to be stimulated in order to better study a development strategy. The key issue in studying a development strategy is determining how a SEZ can continue to be and become more special. This matter of being "special" is the lifeblood of an SEZ and cannot be treated with indifference. In order to become an experimental zone with a contemporary model for building socialism with distinct Chinese characteristics, Shenzhen will have to contribute to breaking free from the traditional model of socialism and creating a new one. This model of socialism will have to be able to reduce its differences with capitalism in economic growth, technical advances, economic efficiency, and competitive ability, while avoiding the disadvantages of capitalism. In other words, its economic development will have to be faster than that of capitalism, it will have to be able to preserve good political, ideological, and social practices, and it will have to fully demonstrate the advantages of socialism all the way from its economic foundation to its superstructure. The experiences of Shenzhen as an experimental zone will have to illustrate the unity between a commodity economy and socialism. This issue of whether socialism can accommodate a commodity economy has already been settled. But Shenzhen will have to take the lead in answering the questions of whether a commodity economy can accommodate socialism and whether carrying out a commodity economy necessarily means practicing capitalism. Since Shenzhen has been in the building for 9 years, a stable Shenzhen model should be established. This model will have to suit measures to local conditions, having one law for several SEZs will not do, and each will have to have their own distinct characteristics. Since the Shenzhen SEZ has taken on the enormous task of acting as a testing ground for reform, as well as an axis from which four other SEZs and two systems radiate, it will have to be given the following relevant special powers: A) experimental reform powers; B) legislative power, with some of its laws being allowed to be different from those in the rest of China; C) increased management and administrative powers. Since it is a testing ground, its management and administration cannot be "applied indiscriminately" as in the rest of China. If laws and regulations are applied indiscriminately, it will be very hard for the Shenzhen SEZ to make progress. Since Shenzhen faces and has the same specific characteristics as Hong Kong, it should be given favorable policies comparable to Hong Kong's after its return to China.

### **II. Attention Must Be Focused on the General Situation When Hong Kong Is Returned to China in 1997**

Shenzhen's development strategy in the next 8 years must include this major issue. Good plans must be made

as soon as possible for how Hong Kong and Shenzhen's development can complement each other, be well coordinated, and help each other to move forward after 1997. There are three possible tentative plans for handling Shenzhen's relations with Hong Kong: A) Shenzhen could become Hong Kong's competitor; B) Shenzhen could serve as Hong Kong's backyard and partner; 3. Shenzhen could play a supplementary role to Hong Kong and gradually enter the international market. The third tentative plan should be adopted. Some scholars pointed out that Shenzhen and Hong Kong will have to carry out a policy of "two systems and one organic whole." The so-called "two systems" refers to capitalism being practiced in Hong Kong while socialism is practiced in Shenzhen, and the so-called "one organic whole" refers to Shenzhen and Hong Kong's economies being merged into one organic whole. There will have to be a gradual transition of Shenzhen and Hong Kong's product mix and distribution into an organic whole, of their markets merging into an organic whole, and of their economic regulation forces merging into an organic whole. Customs restrictions between Shenzhen and Hong Kong will have to be lifted so that commodities and capital can circulate freely and foreign trade tariffs between them can be prevented. Each side will have to establish its industrial priorities in line with the principles of making the best of one's advantages to overcome the other's disadvantages, sharing out the work and cooperating with one another, having a rational distribution of industry, and developing overall advantages. Shenzhen should become Hong Kong's base for water resources, power, transportation flow, fresh produce, certain means of production, and development of S&T and tourism.

### **III. The Crucial Point Will Be To Develop an Export-Oriented Economy and Enter the International Market**

Shenzhen should carry out a strategy of being completely open to the outside world, vigorously develop an export-oriented economy, enter the international market, establish an overseas sales network, gradually internationalize its economic practices, and become a base for orienting China's economy toward the international market. It must make "becoming export-oriented" its fundamental principle and develop its pivotal role as a link between the international and domestic markets. By expanding its sales network into the international market, it will be able to earn commercial profits from exports while becoming an integral part of the international market. It can become a domestic "leader" in foreign trade, promote the economic development of the rest of China, and "complement the advantages of and share the profits with" the rest of China. In order to help realize these goals, it will be imperative to implement the long-debated idea of "opening up the first line and strictly controlling the second line." That is, the Shenzhen SEZ's "second line" should be regarded as its import line and its "first line" as its export line. It should be further opened to the outside world, its commodities, capital, and personnel should be allowed to come and go freely, and it should become a duty-free zone. In developing an



export-oriented economy, Shenzhen has been having increasing contacts with the outside world and there is a pressing need for it to study the operating strategies and management methods of transnational corporations and set up a transnational conglomerate. Since the financial market is the "leading" market operating force, Shenzhen's financial market must first become an integral part of the international financial market. Studies should be started on issuing SEZ currency that will be allowed to be freely converted into foreign currency. Shenzhen now has the capacity to issue SEZ currency.

#### **IV. System Reform and Economic Restructuring Should Be Speeded Up**

Shenzhen should boldly reform its system, restructure its economy, and vigorously develop S&T and a high-tech industrial structure. It should speed up its economic reforms, gradually bring its economic operating forces more into line with the demands of a market economy, and set up a new model of socialist commodity economy faster than other areas in the rest of China. Its economic system includes its ownership structure and distribution system. Its ownership structure should promote the development of diversified economic components, encourage investors from both China and abroad to set up enterprises, and promote the development of an enterprise shareholding system in which different ownership systems hold shares. The system of distribution according to work should be carried out, but workers should also be urged to invest money and earn non-labor income, such as bonuses and dividends. Profits earned by investors from China and abroad must be guaranteed. The Shenzhen SEZ must do all it can to scale the heights of advanced S&T and establish high-level technical and industrial structures in order to enable its technology market to grow and attract technicians from both China and abroad. It should be based on a background of international economic and technical development and study economic and technical development structures. The key to establishing high-level industrial and technical structures is having a correct policy. Shenzhen will have a very hard time succeeding in international competition if it relies for development solely on a favorable regional policy and does not evolve its own distinct industrial structure and policy. It should have an ideology that "S&T builds markets" and practice and use much manpower and financial resources to carry out a "torch" plan. It must pay great attention to education, pay special attention to technical high school education, and emphasize training of college-educated scientists, technicians, and managers. This will lay the foundation for evolving a high-tech structure.

#### **V. The Relationship Between China's "Large Economy" and Shenzhen's "Small Economy" Should Be Handled Well**

Shenzhen must handle well the relationship between state macroeconomic control of China's "large economy" and local macroeconomic control of its "small economy" by carrying out a management system that is

both linked to and separate from the rest of China. Shenzhen's "small economy" being linked to China's "large economy" means that Shenzhen's local economy must be subject to state macroeconomic control and the necessary funds must flow into China's "large economy." China's "large economy" being separate from Shenzhen's "small economy" means that Shenzhen should have the power to control its own overall balance. Some specialists hold that Shenzhen can naturally build its own "small economy" by issuing SEZ currency. Issuing SEZ currency would be favorable not only to free fund circulation and better attracting of foreign capital, but also to Shenzhen's development and China's stability. It could both reduce Shenzhen's effect on the rest of China and also keep the inflation in and tightening of China's economy from affecting Shenzhen. Since Shenzhen is now already balancing its own foreign exchange earnings and expenses and is economically stronger than ever, conditions are riper than ever for issuing SEZ currency.

Ma Hong, the director of the Multipurpose Development Research Institute, summed up his speech by giving the following views on studying Shenzhen's development strategy: A) We must not consider the issue of Shenzhen's development strategy from the traditional viewpoint of a product economy and emphasize speed alone without also emphasizing economic efficiency and its limiting factors; B) We must make a combined attack in studying Shenzhen's development strategy along with reform and a development model; C) Our development model should take into consideration how to combine our industrial structure with our efficiency structure and how to combine building of a material civilization along with teaching of socialist morality. Ma Hong also pointed out the following issues in Shenzhen's development strategy that must be further studied: 1. the Shenzhen SEZ's status, role, and function; 2. the Shenzhen SEZ's development model; 3. relations between Shenzhen and Hong Kong; 4. relations between Shenzhen and the rest of China; 5. SEZ management boundaries; 6. economic and industrial structures; 7. the political system.

Li Hao, advisor to the Multipurpose Development Research Institute and mayor of Shenzhen, pointed out in his speech that this meeting to discuss Shenzhen's development strategy was held at a very opportune time. He went on as follows: General Secretary Zhao Ziyang has just inspected Shenzhen; given important instructions, confirmed that the Central Committee's SEZ management policy is correct and successful, confirmed that Shenzhen is ready for further development, and clarified the idea that Shenzhen can only further develop by further reforming and opening up to the outside world. This discussion meeting has provided many excellent views and suggestions on Shenzhen's development and been a big help to Shenzhen. Since Shenzhen's development will affect the reflection and development of the advantages of socialism and demonstrate the vitality of socialism, we must definitely better carry out



the Central Committee's instructions and further advance the building of the Shenzhen SEZ. In discussions with leaders of the research institute, Li Hao also proposed the following three topics of study: 1. Shenzhen's development strategy; 2. A shareholding system; 3. A conglomerate. It is understood that the Multipurpose Development Research Institute has made the Shenzhen SEZ's development strategy its key topic of study for the immediate future and has begun its research.

**Report on Foreign Investment in Xiamen**  
*HK1406121789 Beijing CEI Database in English*  
14 Jun 89

[Text] Xiamen (CEI)—Southeast China's Xiamen City has approved 94 contracts using foreign funds in the first five months this year, with a total investment of 115 million U.S. dollars, of which 100 million U.S. dollars are from foreign investors.

Compared with the same period of last year, the number of contracts rose by 40.3 percent, the total investment volume remained the same and the actual use of foreign funds rose by 8.8 percent reaching 15 million U.S. dollars. During this period, Taiwan compatriots invested in 57 projects with 77.56 million U.S. dollars, a rise of 119.23 percent and 145.06 percent respectively over the same period of last year.

## POPULATION

**Article on Problems of Population Shift**  
*HK1506023189 Beijing RENMIN RIBAO in Chinese*  
6 Jun 89 p 5

[Article by staff reporters Chen Hua 7115 5478 and Hu Yueping 5170 6460 1627: "Population Shift—a Choice Which Concerns the Next Century"]

**[Text] Walk Away From the Yellow Soil**

Jiang Qiaohua, 16, left her hometown—Guanghe Township, Linshui County, Sichuan—at the end of last year. She came to Chongqing to act as a housekeeper.

"Who does not want to head for Guangdong? I returned home too late in the Spring Festival. Others had already booked railroad and steamship tickets and left. All the young females here want to leave. Some have even slipped gifts to the contractor to facilitate their leaving." At this point, Jiang Qiaohua stopped. There was envy in those girlish eyes, not unmixed with a touch of regret. She told us that her elder brother and elder sister had all gone to other areas as workers. More than 300 girls in the village had, on the second and third day of the first lunar month, followed the contractor to Guangzhou. They were supposed to handle woolen yarn. They could get as much 300-odd yuan a month.

With the same dreams and same hopes as Jiang Qiaohua's, peasants from Sichuan, Hunan, and Guizhou and from all parts of the country successively began living their dreams.

At first, their dreams were somehow realized. Only after a sudden reduction in the size of capital construction this year did reality strike. People found that cities were flooded with workers looking for work.

Love of native soil determined the fate of people living off farming. It was normal for people to stay where they were for generations. It was abnormal for them to move away. Times have changed. When peasants in China's vast land started heading for the cities in a flood in the 1980's, what did this mean?

In the early spring of 1987, Zhengan County, Guizhou organized a 300-strong army of women on a march to Panyu, Guangdong. Born and raised in mountain valleys, these women, after the initial excitement, found that they were not fitted to the urban way of life. There was a world of difference between their ideas, culture, and pace of life and those in coastal areas. Many of them became frustrated. In less than 2 months, about one-third of the women returned to where they came from.

Those women of Zhengan that stayed, after more than 2 years of hard work and struggle, not only put down roots, but also lured more than 1,000 women to come over from their Zhengan hometown. They treated working elsewhere as entering the commodity economy university. They applied themselves to learning skills and to the art of management. They looked toward the prospect of setting up factories in their hometown some day.

Now, a group of women workers of Yuehua Paper Mill in Panyu, Guangdong, who have left farming behind, are dressed and made up exactly like the urban residents. The songs they sing are popular tunes.

Sichuan Province, with the largest population in the country, has long felt the pressure of a swelling population. With a population of 106 million, the per capita cultivable area is less than 0.9 mu. After the introduction of the responsibility system, given the province's 46 million laborers and an average of 4.5 mu contracted for by each laborer, only 21 million laborers were needed for the farmland. The rest became surplus labor. A greater worry was that the existing area of land is fast shrinking. In the 30 years from 1957 to 1987, Sichuan's cultivable area showed a net decrease of 20.19 million mu.

Perhaps because of the pressure of a sharp conflict between people and land, Sichuan treats the export of rural workers as "a labor transfer of historic significance." By the end of 1987, the number of people leaving the province to work in an organized or spontaneous manner had reached 2.3 million. Guizhou Province, which had traditionally been insulated and backward, had also in these 2 years exported about 70,000 people. Hunan also did not want to be outdone. What left the deepest impression on the governor of that province

after a study of Guangdong in 1987 was that the export of labor was a "smokeless" industry, which needed promotion in a broad way. Last year, that province exported more than 350,000 laborers in an organized way.

The flow is very swift with the sudden opening of the population movement sluiceways. But given the astronomical number of laborers waiting to be transferred, it is like a race between the tortoise and the rabbit. The national conditions analysis group of the Chinese Academy of Sciences predicts that in the early part of the next century, the potential number of unemployed people will stand generally between 300 million and 350 million. Whether the transfer of surplus rural labor can be realized has become a natural choice in modernization. It is especially a choice concerning national survival and development.

### In the Face of a Great Challenge

No one could have expected that the challenge would come almost suddenly. Its momentum was fierce and swift. The systematic impact of 1 million workers on society had suddenly brought the challenge of a shift before people.

Railroads were groaning. Grain prices were rising sharply. Social peace and order were threatened. In the first quarter of this year, crimes committed by people from other areas accounted for 78.2 percent of the cities' total number of cases.

According to statistics from the Guangdong Provincial Labor Service Company, at present, the number of organized peasants working in Guangdong has reached 850,000. If the number of those having come spontaneously is included, the figure is likely to be double.

Baoan County has a problem of marriage for "a county of women." Baoan County has a local population of 270,000, plus a population of 500,000 from outside. Among the latter, there are more than 300,000 female workers. Some are young women from poverty-ridden areas, border areas, or remote mountain areas. They are unwilling to return to their hometowns to look for spouses. It was at first thought that they should be allowed to go back to look for husbands. A way might then be found to have their spouses also recruited. That would mean killing two birds with one stone. But after careful consideration, it was found that with female workers plus husbands and children, a small place like Baoan would in less than a few years have an additional population of up to 1 million. This obviously would not work. Let them go back. But Baoan County cannot do without them. What should be done?

In exporting labor, Guizhou deeply feels that this is an effective way to help the poor. In recent years many workers have been exported from the province. Residents of Guiyang on the one hand feel that the force of workers from Sichuan has benefited them in their lives, with filthy and tiring work being done by these people.

On the other hand, they complain that management is a potential problem. They want to send them back.

People have all felt in their lives the advantages and disadvantages of the inflow of workers. They have also seen that there is "no third space" between urban and rural areas. When cities are lacking in fundamental facilities, when the existing industrial mix excludes labor intensity, with peasant workers left only to take up the slack in enterprises, and when the existing urban system, adapted to static management, fails to reflect labor movement, any movement once started would show an absence of order.

Where there was no worker movement, almost everyone said that a shift would have advantages. When a shift is really upon us, all of society is seriously unprepared for it. There is therefore again a fear of movement. A theoretical worker considers that this mentality, marked by a "professed love of what a person really fears" has prevented us from taking the initiative to adapt to the shift.

Wu Kerong, a responsible person of the labor export administration of the Guizhou Provincial Labor Bureau, told us that the waves of incoming workers had initially subsided. But it was not a problem solved, as some people imagined. It cannot be considered that everything will be all right if we send the peasant workers back by administrative means.

### The Peasant Worker Flood Cries Out for Reform

The challenge from the worker movement has set people thinking.

The several million people that have surged into Guangdong involve an annual consumption of 750 million kg of grain, obtained at negotiated prices. With local consumption added to this, there is a shortfall of more than 4 billion kg. In the neighboring province of Hunan, since 1984, agriculture has continuously hovered around the same level. On the other hand, the population has grown at a pace equivalent to one more big county every year. The whole province can only provide 150-200 million kg of grain for incoming workers every year.

The quicker the pace of movement, the more serious the shortage of grain. Behind a flood of peasant workers is a fragile agriculture. "One of the current potential problems is that rural labor cannot circulate." He Bozhuan, assistant professor of Zhongshan University, held the view: "In regard to the movement of surplus labor, if China's agriculture does not overcome its problems, there is absolutely no way out. The great development of agriculture concerns a future realistic choice."

The urban system that has suffered the impact of the worker flood is also facing the choice of reform. We saw this phenomenon in a towel factory: Technicians in various fields who have hitherto fared well in the machine-repairing workshop have almost all been

replaced by temporary workers from outside the province. Quite a large proportion of ordinary workers in other workshops are rural women from other areas. The original workers that stand at one side idling away their time still cling to their iron rice bowls. Economists call this phenomenon "structural unemployment." According to an estimate, the whole country now has 15-20 million people among the ranks of the unemployed (hidden unemployment). Meanwhile, 30 million posts of various kinds in the country remain vacant. This structural unemployment reflects the fact that cities and enterprises lack a rational system of worker movement. Theorists give their views on this, as follows:

Luo Xiaopeng, director of the Chinese Economic Cooperation Society: In regard to the system of employment, we now actually still introduce "two different backgrounds." Rules vary with people with different backgrounds. Given no breakthrough, it is likely that there will be no one to take up a lot of work. Zhou Qiren, assistant researcher of the Rural Development Research Center of the State Council: Development should be sought in worker movement. Such a force as worker peasants should be transformed into an active force in reforming the existing labor system and employment system under the system of ownership by the whole people. A proper degree of pressure should be maintained. Without such pressure, reform is unlikely. There is a need to reduce the number of permanent workers and to increase the number of contract workers, with the perfection of the labor composition. There should be no loss of faith in this.

As a "reservoir," town and township enterprises provide one of the ways to shift rural laborers, as is now found. But in the face of a large army of labor, the "reservoir" capacity is obviously too small. Take Guizhou, for example. By 1987, the number of township and town enterprises had increased to 406,000, with 1.16 million people employed. The number of people absorbed accounted for only one-tenth of the province's total rural force.

Reviewing the process of labor movement in these 10 years, Zhou Qiren considered that the wave of peasant workers had much to do with the foresightedness of our policy. "The Chinese countryside's system of absorption is limited. Every village runs factories. This in itself brings many problems. The slogan of 'leaving the fields but not the hometown' later proved to be of a limited nature. Later, attention was again paid to urbanization and to movement. But when peasants started moving in large numbers, there was no appropriate countermeasure." He considered that the large scale of the recent shift and its absence of order were all beyond our expectations. When the flood of peasant workers came, we were caught unprepared. This shows that our policy lacks foresight.

A theoretical worker used the "phenomenon of resonance" in physics to make a further analysis of the wave of workers. The peasants are, on the one hand, allowed to move in. On the other hand, they are driven out of the

city. The combination of these two measures is very likely to produce conflicting resonance. Once such a phenomenon appears, it is very dangerous.

Theoretical workers have said in an appeal that the process of the movement of labor giving rise to many problems is a complicated social system-related project, which should be comprehensively reflected. We must change the existing system, concepts, and ways of thinking and make a break with the previous erroneous customary practice of "rushing to make up the number of people needed and remove the number in excess." Reform itself is a change. We must learn to seek development in change and establish a new order in change.

This choice of walking away from the soil by the Chinese peasants spanning 2 centuries determines whether we can in future create more opportunities.

The worker flood cries out for reform.

## TRANSPORTATION

**Dalian Port Opens Bonded Warehouse Service**  
*OW2406232889 Beijing XINHUA in English*  
1337 GMT 24 Jun 89

[Text] Dalian Port, China's largest foreign trade port in Liaoning Province, opened bonded warehouse service for Sino-foreign trade companies and customers today.

This indicates that the port is further opening to the outside world, an official of the Dalian Port Bonded Goods and Transportation Company, said.

Foreign cargo may be stored in the bonded warehouses covering more than 29,000 square meters for a long period of time without going through import formality and paying customs duties during the storage period.

The official said this will be beneficial in boosting free port trade.

Located in northeast China, the Dalian Port has trade contacts with 140 countries.

## AGRICULTURE

**Reform of Vegetable Growth, Pricing Structure**  
*HK0906150189 Beijing RENMIN RIBAO in Chinese*  
1 Jun 89 p 5

[Article by Chen Junsheng 7115 0193 3932: "Deepen the Reform To Maintain Steady Growth in Vegetable Production"]

[Text] Abstract: The reform of the vegetable structure conducted in large cities is correct in orientation and has gained some common experiences, such as building vegetable commodity bases at numerous levels, combining relaxation with control, developing numerous circulating channels, and setting up vegetable production risk

funds. Moreover, it is necessary to deepen the reform in order to study and solve various issues, such as price, subsidy effect, scientific and technological development, vegetable scale operations, and management of vegetables according to the law. [end abstract]

This is the fifth year in which China has conducted reform of the vegetable structure in large and medium-sized cities. Over the past 5 years, the reform of the vegetable structure has been correct in orientation. It has aroused the enthusiasm of producers and operators, promoted the growth of production, increased variety, enriched the market, and brought benefit to consumers. Now we should conscientiously sum up the experiences and lessons of the reform of the vegetable structure and continue to deepen it in order to maintain stable growth in vegetable production.

In 1988, leaders at all levels conscientiously implemented the guidelines of the meeting to exchange experience gained in reform of the vegetable structure in 10 major cities, including Xian, suggesting that mayors should personally grasp vegetable production and fix the areas in which vegetables would be grown. They succeeded in overcoming the difficulties caused by natural disasters and basically ensured the residents' need for vegetables. According to statistics, the volume of vegetables supplied to large and medium-sized cities across the country was 21 billion kg in 1988, an average of 500 gm for each person per day, which represents an increase of 5 percent over the previous year. Especially since May last year, the sources of vegetables have increased. There is an ample supply of vegetables in state-owned vegetable companies and vegetable prices at open markets tend to be normal. The residents are quite satisfied with this.

On the other hand, there are still some unstable factors in vegetable production and supply in large and medium-sized cities. For example, the use of old vegetable plots in city suburbs for other purposes is serious, the facilities of vegetable bases in outer suburbs, neighboring counties, and the whole country are poor, the level of growing vegetables in a scientific manner is low, and the commodity volume is very unstable; the equipment of state-owned vegetable companies is simple and crude; they have few cold storage facilities for vegetables; and they lack the capability to balance surplus with deficiency; we have just set up wholesale markets and we are short of vegetable collection and distribution centers; because retail sales are conducted in the open air, the vegetables, being exposed to the sun and rain, are poor in quality and often spoil, which has prevented retail sales from playing their leading role; most of the city vegetable risk funds and the funds for keeping down prices have not been made available, which makes it difficult to direct production according to market needs and in a planned way, to regulate supply and demand, and to keep down prices; and the vegetable circulation order is not yet completely normal and, in particular, the operational channels in some production areas are so chaotic that vegetable prices fluctuate quite violently. A fundamental way to solve these problems is to deepen the reform.

### Common Experiences in Conducting Reform of the Vegetable Structure

**1. Build vegetable commodity bases at numerous levels.** Many cities have implemented the policy of "relying mainly on the suburbs, supplemented by outer suburbs and regulated by other areas." Practice has proven that the time for relying entirely on the suburbs to solve the question of vegetable supply is over. Taking the country as a whole, building vegetable commodity bases at numerous levels is in keeping with the law governing the production and sales of vegetables in our country. With the expansion of urban construction, many old vegetable plots have been requisitioned. As their living standards improve, city people have increasingly higher demands for vegetables in terms of variety and quality. While conscientiously grasping the construction of vegetable plots in the suburbs and outer suburbs, all cities should make overall plans, utilize as far as possible the good geographical and weather conditions in various localities to build vegetable commodity bases at different levels, and strive to achieve a basic balance between total supply and total demand for vegetables all year round or make the supply greater than the demand. Some comrades have put it well: It is no good having too many or too few vegetables, nor is it possible to have the right quantity of vegetables. It is better to have more than to have few. In vegetable work, it is necessary to protect consumption by protecting production and to stabilize consumption by stabilizing production. There is a trend in the question of building vegetable bases. Generally speaking, the differential land rent in the suburbs is relatively high, the peasants receive higher incomes, the infrastructure is better, and cultivation techniques are superior. For this reason, they should build large sheds to grow more fine vegetables to meet higher-level consumption demands. Outer suburbs and neighboring counties should serve as bases for growing vegetables of average quality and ensure their supply. Moreover, to increase variety and quantity, it is also necessary to develop national regulating vegetable commodities bases as a supplement to the cities during the off seasons in spring and autumn. At present, China has initially built five vegetable production bases, namely, the fairly large Chinese cabbage bases in Tangshan and Shandong, from which the vegetables are transported from the south to the north; the base in the Huihai economic zone, which centers on Xuzhou and which is devoted to producing vegetables during the off season in spring; the base in Zhangjiakou economic zone for producing vegetables in the off season in autumn; and the base in the Hexi corridor in northwestern China for producing vegetables in the off season in autumn. Supplying over 2 billion kg of commodity vegetables a year, the five bases have played an important role in regulating and supplementing vegetable supplies in large and medium-sized cities. But the bases are still not very standardized. The cities where the vegetables are sold should give them support so that the building of these bases can be improved.

**2. Combining relaxation with control.** Some comrades have put it well: It is no good exclusively exercising

controls without practicing relaxation or exclusively relaxing controls without exercising control. It is better to combine relaxation with control. How can we achieve this? Nanjing has implemented the principle of controlling the major quantities and relaxing on the smaller ones. The varieties under city management account for 80 percent of the total volume going to market; the principal varieties are fixed according to contracts and purchased according to planned prices, and the remaining 20 percent is purchased or sold according to negotiated prices. Shanghai has implemented the principle of "controlling at both ends and contracting for the middle." That is to say, the city carries out unified planning and offers unified services before and after production, and contracts for field management on the household basis.

**3. Bring into play the role of state-operated markets as the main channels and establish wholesale markets in order to develop numerous circulation channels.** The state-operated vegetable markets play an indispensable role in keeping down prices, regulating supply and demand during off seasons and peak periods, and purchasing or selling vegetables as is necessary. Moreover, the vegetable wholesale markets also have great flexibility. In recent years, a number of vegetable wholesale markets have been set up in some large and medium-sized cities. They are well received by producers, operators, and consumers. Taken as a whole, however, the vegetable wholesale markets in our country are still in the initial stage of development. They have not been able to give sufficient scope to their functions. These should be gradually improved. All large and medium-sized cities should set up a number of large wholesale markets having complete functions, as well as a number of small and medium-sized wholesale markets, and gradually develop a network combining large, medium-sized, and small wholesale markets. They may gradually develop from spot transactions to a combination of futures and spot transactions.

**4. Integrating production and sales.** Since last year, all localities have conducted experiments on this and have gained initial experience. Now there are basically three types of integration: The first is to place production and sales under the unified management of the agricultural department; the second is to set up a comprehensive institution—a vegetable bureau or office; and the third is to place production and sales under the unified leadership of a mayor in charge of vegetable production, who will coordinate agriculture and trade. It is necessary to continuously conduct experiments on the integration of production and sales. Although this experience is still imperfect, the direction is correct. Since we are still conducting experiments, we should not stress a particular fixed pattern.

**5. Gradually improve the service system of production and sales.** At present, China's vegetable production focuses on the system of contracted responsibilities on the peasant household basis, with payment linked to output. The scale is rather small, production is relatively scattered,

and the contradiction between small production and big markets is quite conspicuous. Many cities have explored ways of solving this contradiction and gained some experience. In early 1988, the downtown area of Tangshan City set up a vegetable traders association in which the commercial bureau played a leading role. It recruited 159 major vegetable growers and shops. It also set up vegetable cooperatives in six key vegetable-growing counties, in which the supply and marketing cooperatives play a leading role. Focusing on Chinese cabbage production, these cooperatives recruited over 3,700 households. The vegetable traders association and the cooperatives give top priority to serving their members and vigorously support vegetable growers in terms of materials, technology, information, transport, and marketing. They have attained quite satisfactory results.

**6. Set up vegetable production risk funds.** We have made a good beginning in this work. As the money paid in compensation for the use of vegetable plots is quite considerable, we should put it to good use.

#### **Some Problems Which Should Be Continuously Studied and Solved**

**1. On the Question of Price.** As vegetable price accounts for a remarkable proportion in the pricing structure as a whole, it exerts a great influence on the price index. Our general principle is that the retail prices of vegetables must be kept basically stable this year. To this end, the price departments at all levels should work in close coordination, step up management, and effectively keep vegetable price rises under control. If the prices of seasonal vegetables of average quality soar, we may also place price ceilings on them when necessary. For example, the Beijing Municipal Government kept down vegetable prices last year by placing a price ceiling on Chinese cabbage sold in open markets. All departments should reach a consensus and work in coordination to guide vegetable prices in open markets. We should never relax management of vegetable prices. We should not relax management just because the vegetable situation is fine.

**2. How to bring into better play the subsidy effect.** Last year, the state spent 820 million yuan in subsidizing vegetable prices, an increase of 210 million over the previous year. This has played a great role in keeping down vegetable prices. Nanjing, Chongqing, Xian, Shenyang, and other cities opened up numerous channels to raise vegetable price regulation funds and used them to protect production and keep down prices. They have played a very good role. The question now is how to give better scope to the effect of state money and how to use the money. Some cities suggest that the money should be used to subsidize the wholesale link. This will probably bring more benefit in protecting the interests of producers and consumers and in keeping down prices and thus reducing the amount of subsidy. Whatever we do, the subsidies should not be regarded as a "big pot," nor should they be "evenly spread as we do sesame seeds."

The subsidies should be used for special purposes. They should never be retained, appropriated, or used for other purposes.

**3. Step up scientific and technological development, raise per-unit output, and ensure the areas sown with vegetables.** Without a certain area we would not ensure a certain vegetable output. But neither should the area be expanded without limit. From a long-term point of view, we should set our eyes on raising per unit output and ensure stable yields despite drought or excessive rain. Therefore, it is necessary to engage in scientific and technological development. Our present output is not high. By engaging in scientific and technological development we can substantially raise output. Lettuce and cucumbers, which are grown in Shenzhen without soil, have been sold to big restaurants in Hong Kong. They have become foreign exchange earners. Hongqiao township in Shanghai County has cultivated new varieties of vegetables, which are exclusively supplied to several big restaurants in Shanghai. All places across the country have great potential in this respect.

**4. The question of how to give scope to the scale effect.** Scale operations are chiefly determined by effect. This does not mean simply that the larger the scale, the better. To make a success of scale operations in vegetable production, we should draw on the experience of other countries in the world. We should start from developing peasant associations or federations and organize pre- and post-production services. Production and operations should be conducted on a household basis. Things needed before production should be organized in a unified way, and so should production and sales. Both wholesale markets and peasant associations serve vegetable-producing peasants, as well as collecting and distributing vegetables. In developing peasant associations, the supply and marketing cooperatives can play a very good role. The supply and marketing cooperatives have so many contacts that they are well-informed. Ever since their inception, they have been stressing their mass character. Although they still leave something to be desired, they should move in this direction. Moreover, the newly developed vegetable bases may practice scale operations with the characteristics of a contract system so long as they are reclaimed from wasteland and so long as the land resources have not been incorporated in the collectives or peasant households.

**5. The question of managing vegetables according to the law.** We must take this road, gradually standardize and institutionalize this practice, and put it on a legal basis. It now seems that three rules or regulations should be worked out: 1) The wholesale market management law; 2) regulations governing the building and management of vegetable production bases; and 3) regulations governing risk funds. All localities may conduct experiments on these aspects.

### **Agricultural Bank Acts To Ensure Summer Grain Procurement**

HK0806125089 Beijing RENMIN RIBAO  
in Chinese 3 Jun 89 p 1

[Report by Jiang Xia 3068 1115: "The Agricultural Bank of China Is Making Major Efforts To Raise a Fund for Summer Grain Procurement"]

[Text] This reporter learned from the Agricultural Bank of China that in April the bank began to encourage deposits and reduce loans for the purpose of raising a fund for summer grain procurement. By mid-May, deposits in the bank increased by almost 9 billion yuan over the early period of this year and by 2.5 billion yuan over the same period of last year. Its loans for township and town enterprises reduced by 450 million yuan as compared with the early period of this year and by 4.6 billion yuan as compared with the same period of last year. Its deposit in the People's Bank of China totaled 11.2 billion yuan, an increase of 5 billion yuan over the early period of this year. Its payment ability has improved.

In the course of raising the funds for summer grain procurement, the agricultural bank has encountered some difficulties that the bank itself finds hard to overcome. The first difficulty is that a portion of the fund being raised has been used by some commercial enterprises for other purposes. Statistics compiled by seven provinces including Shandong suggest that by mid-May a portion of 1.8 billion yuan had been used by commercial enterprises for other purposes. The second difficulty is the serious arrears of the repayments by other departments for their purchase of agricultural and sideline products. A survey indicates that arrears of repayments for the purchase of agricultural and sideline products in seven provinces including Zhejiang amounted to 3.4 billion yuan in mid-May. The third difficulty involves the sluggishness in the sales adjustment of agricultural and sideline products. Due to this sluggishness, an additional loan of 6 billion yuan has been issued. The fourth difficulty is the delay in providing subsidiary funds. Some commercial departments disclosed that arrears of payment for money to cover price increases in grain and cotton as well as a loss due to policy mistakes totaled 5 billion yuan at the end of April, an increase of 2 billion yuan over the same period of last year, thereby directly reducing the agricultural bank's sources of funds.

A responsible comrade from the agricultural bank told this reporter that the bank would continue to support summer grain procurement, but added that the fund for this procurement should not be raised by the agricultural bank alone. Therefore the agricultural bank demands cooperation from other departments in exercising management over the fund for summer grain procurement. It also hopes that the central bank will do its best to accommodate funds for it in order that it can ensure the supply of funds for summer grain procurement, stop

issuing "receipts" instead of cash for the purchase of grain, and remove the peasants' misgivings.

#### **Fruit Output, Prices, Taxes Increase**

40060637b Beijing JINGJI CANKAO in Chinese  
22 Jun 89 p 2

[Summary] This year the area sown to watermelons and muskmelons in China will reach 17 million mu. Estimated gross output of watermelons is 9,324,000 tons, an increase of 400,000 tons over 1988. Estimated apple output is 139,000 tons, an increase of 20,000 tons; estimated peach output is 173,000 tons, a slight decrease from the 180,000 tons produced in 1988; apricot output 100,000 tons, an increase of 10,000 tons; litchi output 108,000 tons, an increase of 28,000 tons; hami melons 500,000 tons, an increase of 50,000 tons; and banana output 1,830,000 tons, the same level as 1988. Because fertilizer, pesticide and plastic sheeting prices have increased, fruit prices will increase about 10 percent in 1989. In addition, the state has levied a 10 percent tax on watermelons, and a 15 percent tax on apples, bananas, oranges, and litchis.

#### **Cadres Urged To Step Up Education of Peasants**

HK0307022289 Beijing JINGJI RIBAO in Chinese  
20 Jun 89 p 1

[Commentator's Article: "Do Not Forget To Educate the Peasants"]

[Text] It is a foregone conclusion that China will chalk up an increase in summer crops. The news is heartening. It is a great success scored through joint efforts on the part of party committees and governments at all levels, who paid great attention to agriculture, all walks of life, who enthusiastically serve agriculture, and the broad masses of peasants, who worked hard and conquered various natural disasters.

At present, it is important to guarantee that every grain is gathered in, and to fulfill the task of purchasing contract grain as soon as possible and in the best possible way so that the state will procure the grain that it should procure. This is of great importance to stabilizing the overall situation, reassuring the masses, and further improving the national political and economic situation.

To ensure that the task of purchasing contract grain will be accomplished, governments at all levels must work hard to carry out various policies. In recent years, the party and government have adopted a series of effective measures and preferential policies to step up agricultural development and to mobilize the peasants' enthusiasm for production. This showed that the state had the peasants at heart and made sure that the peasants' interests be taken into account. The State Council recently issued a special circular on doing a good job in purchasing grain and oil, asking governments at all levels to get necessary funds ready in every possible area so that they will pay peasants in cash, rather than handing out

"white slips," for their grain and oil. The commercial, financial, communication, and other relevant departments and banks should play a supporting role, providing the best possible conditions for peasants. Governments and relevant departments at all levels and the vast number of cadres working in the countryside should fulfill their duties and do a good job so that the peasants will feel satisfied.

At the same time we should not forget to conduct education in socialism and patriotism among the peasants. We often said in the past that "the grave problem lies in education of the peasants." This statement still holds true. But for a time, quite a lot of localities forgot to carry out ideological education among the peasants. They talked only of economic interests to the neglect of ideological education, and only mentioned rights at the expense of obligation. It seemed that the relations between the government and the peasants were of an economic nature. Facts have proven that this is a one-sided approach and harmful. Take for example the purchasing of contract grain. The central authorities have pointed out on many occasions that in selling grain ordered by the contract, the peasants not only fulfill their economic contracts, but also fulfill the task assigned by the state. It is obligatory upon the peasants to sell grain to the state according to contracts, a commitment to the state which must be carried out. The peasants are also encouraged to make greater contributions to the state by selling as much grain as possible. This has been very clear for a long time. In fact the broad masses of the peasants understand this point as required. In recent years, there have emerged in various places a large number of peasant households that sold a large amount of grain to the state, displaying the peasants' high level of patriotism and political consciousness. Governments at all levels should praise and give awards to them in time so that the peasants will carry forward their political consciousness.

It should be realized that the broad masses of the peasants cherish profound feelings for the party, the government, and our socialist country. So long as we earnestly carry out the economic policies and conduct thoroughgoing and painstaking ideological work, the task of purchasing contract grain will be accomplished successfully, as will be production targets and other tasks so as to make contributions to the state in many ways.

#### **Fujian Builds Coastal Shelterbelt**

OW2306102389 Beijing XINHUA in English  
1418 GMT 21 Jun 89

[Text] Fuzhou, June 21 (XINHUA)—Fujian Province has greened nearly 70 percent of the 430,000 hectares along the 3,200-km coastal belt, according to the provincial authorities.

The shelterbelt, consisting of beefwood (casuarina), acacia confusa and pines, have effectively protected the coastal areas from wind and sandstorms, which used to destroy crops and houses in those areas.



Fujian started construction of shelterbelt in the 1950s. From 1988, the province began a new stage of overall planning and engineering afforestation instead of scattered planting practiced for decades.

The province plans to cover 60,000 hectares of coastal areas with trees this and next year. 12,000 hectares were planted in 1988.

By 1995, the shelterbelt will protect all the coastal areas.

Provincial officials said that shelterbelt has become the important guarantee for local economic development. For example, Dongshan County, which was poverty-stricken because of frequent damages by wind and sandstorms, has planted 2,600 hectares of reeds and built 1,000 hectares of prawn farms behind the shelter, and reeds and prawn account for 80 percent of the agricultural income of the county. The county now leads the province with an average annual income of 1,153 yuan per capita.

#### **Guangxi Fruit Area, Output**

40060626b Beijing JINGJI CANKAO in Chinese  
4 Jun 89 p 2

[Summary] At present, the fruit area in Guangxi exceeds 4 million mu, and gross output exceeds 900,000 tons. However, fruit production in Guangxi faces numerous problems: funds are insufficient, management is poor, the technical level is low, pesticide and fertilizer supplies are insufficient, and the quality is poor. In addition, the per mu yield is only 360 kilograms (in Guangdong it is over 1,000 kilograms, and in developed countries it is 1,500 kilograms).

#### **Bumper Harvest Reaped in Hainan**

HK2306094189 Beijing CEI Database in English  
23 Jun 89

[Text] Haikou (CEI)—China's southernmost Hainan province is reaping a bumper harvest and the total output is expected to exceed 655 million kilograms, 130 million kilograms more than the same period last year.

The goal of increasing grain output by 200 million kilograms this year will be attained if another harvest is reaped smoothly later this year.

#### **Hunan Makes Efforts To Reclaim Wasteland**

OW2306194989 Beijing XINHUA in English  
1347 GMT 23 Jun 89

[Text] Changsha, June 23 (XINHUA)—Hunan Province in south China is making intensive efforts to reclaim 400,000 hectares of wasteland and develop cash crops, animal husbandry and forestry, according to the provincial authorities.

The project is one of the 10 major reclamation projects as designated by the Ministry of Agriculture.

The area with large quantities of wasteland covers 31 counties and cities with a population of 15 million. There is much sunshine and water resources. But, the economic development level in this area is below the average of the province.

Local agricultural experts think that one of the important factors hampering Hunan's agricultural development is lack of farmland. The per capita average of farmland is only 0.057 hectares in the province with a population of over 55 million.

The southern part of Hunan has 600,000 hectares of wasteland and 400,000 hectares are available for planting rice and cash crops if water conservancy facilities are built.

The provincial officials said that the province plans to undertake 12 major development projects, including planting grain, tobacco, fruits, tea and other cash crops, animal breeding, afforestation and water conservancy.

Upon completion of the 12 projects by 1995, the average annual income per capita should be raised from the current 425 yuan to 767 yuan.

From last winter, the state and provincial government have allocated 13 million yuan (3.5 million U.S. dollars) for development in this area. Statistics show that southern Hunan has turned 9,000 hectares of wasteland into farmland, covered 17,000 hectares under cash crops, ameliorated 33,000 hectares of low yield farmland and afforested 74,000 hectares as well as accomplished small water conservancy projects.

#### **Hunan Tea Area**

40060637a Changsha HUNAN RIBAO in Chinese  
16 May 89 p 2

[Summary] The area sown to tea in Hunan Province exceeds 1.5 million mu, and the annual output value exceeds 300 million yuan. However, tea output is low; on average, each mu yields only 50 kilograms.

#### **Jiangsu To Renovate Farming-Related Industries**

OW2206011089 Nanjing Jiangsu Provincial Service  
in Mandarin 0915 GMT 19 Jun 89

[By special correspondent Fan Huiyi; from the "News" program]

[Excerpt] In a bid to raise the level of agriculture to a new high, governments at all levels throughout Jiangsu Province have been pooling their efforts and, with close coordination among industrial, commercial, materials supply, and financial departments, raised funds from various sources to renovate and expand farming-related industries.

With the lack of progress during recent years in agricultural production and the increased investment in farming materials, the province's farming-related industries have no longer been able to meet the requirements of



agricultural development. As a result, many farming production means had to be imported from abroad.

In the second half of last year the provincial government, in implementing the state's macroeconomic policy of readjusting the investment structure, asked all city and county governments, as well as the provincial planning and economic commission and industrial, commercial, materials supply, and financial departments, to increase investment in agriculture. By renovating and expanding farming-related industries and increasing farming materials output, it is hoped that the province's agriculture will continue to grow in a sustained and steady way.

With the approval of the provincial government, 71 projects to renovate or expand farming-related industries have been planned, with a total investment of 840 million yuan. Among them are projects to renovate 11 small urea plants, 8 small ammonium phosphate plants, [words indistinct] small synthetic ammonia plants, [words indistinct] farm chemical plants, and [words indistinct] farm machinery plants. All projects are to be completed by 1991. [passage omitted]

#### **Liaoning Wheat Harvest**

OW2906175889 Beijing XINHUA in English  
0129 GMT 29 Jun 89

[Text] Liaoning Province in northeast China is expected to harvest more than 200,000 tons of wheat this year, a record high.

This year, wheat has been planted on some 70,000 ha, 53 percent more than last year.

#### **Timber Exports Rise Sharply in Jiangsu**

HK2206101989 Beijing CEI Database in English  
22 Jun 89

[Text] Nanjing (CEI)—Export of timber products and their processed products in Jiangsu province has increased sharply.

Export volume of such products reached 31.87 million U.S. dollars in 1988, of which 6 million U.S. dollars came from primary timber products, up 78 percent over 1987.

However, export of fruits has showed a downward trend. Export volume of pears was 120 tons in 1986, 16 tons in 1987, and zero in 1988.

Export volume of peaches was 89 tons in 1987 and 29 tons in 1988. Export volume of ginkgo was 800 tons in 1986, 545 tons in 1987 and 534 tons in 1988.

#### **Zhejiang Silkworm Cocoon Harvest**

40060637c Beijing JINGJI CANKAO in Chinese  
21 Jun 89 p 2

[Summary] This spring gross output of silkworm cocoons in Zhejiang Province is expected to exceed 48,000 tons, a 5 percent increase over 1988.

#### **New Rubber Projection Outputs Set**

HK1406003089 Beijing CHINA DAILY in English  
14 Jun 89 p 2

[By staff reporter Wu Yunhe]

[Text] A target of 450,000 tons a year by the end of this century has been set for natural rubber production, a senior official told CHINA DAILY yesterday.

Huang Wencheng, who is in charge of developing sub-tropical crops under the Agricultural Ministry, said that there now are 8.8 million mu (about 586,666 hectares) of natural rubber-growing land across China, with an annual yield of about 250,000 tons.

Of the total, 210,000 tons of natural rubber have been produced in the country's three major production centres, which are located in the provinces of Hainan, Yunnan and Guangdong.

However, Huang said, the current requirement of the country's natural rubber market is about 500,000 tons a year, and as a result nearly half of the natural rubber has to be imported to meet domestic consumers' needs.

In 1987, China spent \$350 million in foreign exchange to buy natural rubber from abroad.

To develop rubber production, the central government will invest 270 million yuan this year in upgrading production technology and raising the growers' yield, Huang said.

He pointed out that because the country has only limited farmland suitable for rubber plantations, the task of increasing the per-unit yield is the most important thing. He added that this year the ministry plans to increase the per-unit yield by 20 percent.

The yield of natural rubber in China averages about 50 kilograms per mu (one mu equals 0.07 hectares), Huang said.

Since 1984 the ministry has also started to use foreign loans for the development of natural rubber production.

About \$37.755 million in World Bank loans has been used for upgrading technologies, raising per-unit yield and renovating production equipment since 1984.

Now there are 940,000 farmers engaging in natural rubber production in the country's 146 farms.

They expect to have a good harvest this year. But they are worried that the State can not live up to its promise of this year's production investment.

Huang said that such disappointments have happened as recently as 1987. But at the same time the central government collected a total of 162.4 million yuan in taxes from them.

Huang pointed out that if such things continuously happened, the government's ambitions for fully developing

rubber production would be seriously hampered over the next few years.

**Interview With Widow of Panchen Lama**  
40050491 Hong Kong PAI HSING [THE PEOPLE] in  
Chinese No 189, 1 Apr pp 12-14

[An exclusive interview with Li Jie 2621 3381, Panchen Lama's wife, by Lu Keng 7120 6972]

[Excerpts] [Passage omitted] After Great Master Panchen passed away, Hong Kong newspapers reported rumors that his wife Li Jie threatened to set herself on fire in Tiananmen Square if she was not allowed to attend the memorial service. In order to find out if this was true, I took advantage of the fact that I was an old friend of General Dong Qiwu [5516 0366 2976] and called on Panchen's wife and the daughter of Dong Qiwu's daughter, Madame Li Jie, in Beijing on 23 February.

I was surprised to see that the entrance was guarded so heavily. Not only were the gates tightly shut but the guards were armed. Luckily when my car arrived, Madame Li Jie happened to be returning to Panchen's residence from a hospital visit to her grandfather General Dong Qiwu, who was critically ill. [passage omitted]

Madame Li Jie had never agreed to any interview before. Especially since Panchen passed away, she had declined all visitors. However, because I came a long way and knew the revered Dong, she invited me into the den of Great Master Panchen. The first thing she said was: "Misfortunes never come singly. Great Master (she always calls Pachen that) just left and now my grandfather is also critically ill." (Note: Mr Dong Qiwu died of illness in Beijing on 3 March at the age of 90.) I noticed that she wore a black suit with a white silk blouse inside, a diamond necklace, and a memorial pin, which was personally designed by Panchen. The pin was to commemorate the opening ceremony of "Panchen's Victories in Winning Different Battles" which was reconstructed so that the remains of fifth to ninth Panchen masters could be buried together in a gold-decorated stupa. This not only fulfilled Panchen's wish but also indicated that the CPC has changed from destroying Tibetan Buddhism in the Cultural Revolution to respecting Tibetan Buddhism, for it allocated 200 jin of gold for the building of stupa. After explaining to me about the memorial pin she was wearing, Li Jie sighed: "Who would have thought that when Great Master returned to Tibet for the opening ceremony of stupa, he would be gone forever!"

I told the hostess that after I arrived in Beijing, I heard many talks about strange omens that occurred after Great Master Panchen passed away. It seemed that he had the premonitions of his death. Li Jie said: "Yes, he did feel something. I always presented Hada [0761 6671] to him before he went on a trip. I usually would do it just once. But this last time, I did it twice. When he got ready to leave, I did it once. Right before he left, I felt reluctant to let him go, so I gave it to him again. Great Master also made an exception and said "take care" three times. He used to say it only once."

"When he gave other people his photos, most of the time he used a stamp instead of signing them. But this time, he even wrote on a picture "don't forget this fat lama, remember me forever."

"When the remains of fifth to ninth Panchen were buried together in the stupa in the numerical order, Great Master counted from five to nine and then said: "My place is right here." At the inauguration ceremony, he announced to the crowd: 'My task has been accomplished!' This unfortunately turned out to be true."

"Since Great Master regained his freedom in 1977, he devoted all his energy to his work, racing against time to do different things. He was so busy! First I did not understand why he had to rush like that. Now I understand that he was racing for time against his life."

"Great Master had always been very healthy. Blood pressure, blood fat, and cholesterol levels were all normal. No heart disease had ever been detected. His sudden death was caused mainly by exhaustion. In Xigaze, he touched the heads of 140,000 people in only a few days and accepted numerous Hadas. He often worked nonstop for 10 to 20 hours a day."

"At noon of 27 January, his last day on earth, Master Panchen called for a meeting with people from different circles when a yellow storm began to blow outside. Great Master opened the curtains of the meeting room of the New Palace, looked out the window, and said: 'I have never seen yellow storm like this before.' After he left, Tibetans said it was the signal that Great Master was to pass away."

"The strangest thing was that 3 days after Great Master left, his body was moved from the bed to a sacred place for believers to worship, and during the worship at 3 o'clock in the afternoon, a rainbow appeared in a clear sky. Later, clouds gathered like an umbrella and then spread slowly over the top of the New Palace. Tibetans all said it was a rare scene, showing that Great Master was heavily blessed."

Li Jie also related a miraculous incident. During the rescue process of Panchen on 28 January, Li Jie and a medical team from Beijing took a special plane to Lhasa and then rushed to Xigaze on a helicopter. When they arrived at Xigaze, Panchen's heart had already stopped beating. People who received Li Jie were afraid that she might be too upset when she knew that Great Master was gone, so they put her in a hotel while Beijing's doctors continued the rescue operation. During the rescue, somebody yelled: "Deqian Wangmu [1795 5709 2489 1191] [his wife's Tibetan name] is here!" And miraculously Panchen's heart resumed beating for a few more times. This telepathic incident has since been ingrained in Li Jie's mind. In deep sorrow, Li Jie recalled what Great Master told her when she first married him. He said: "I am destined to have 10 years of suffering and two critical moments—one is over and the other will come at age 51."

She thought for a while and said: "It seems that everything is predestined." Trying to comfort her, I said: "Look at the bright side of things. To be able to marry Panchen is something that does not come by very often in life."

Li Jie nodded to agree with me. She said: "I am proud to be the only woman he loved in his life." When I saw the sadness in her expression and those confident eyes, I could not help remembering a poem of Tang Dynasty: "Master is gone but flowers remain, they are stronger than pine trees in winter cold."

I gave her a brief account of the rumors about her such as protest by setting herself on fire. Now that things are over, we know she took the situation as a whole into consideration. I asked her if she would like to talk about how she met Panchen because people are very interested in the fact that Great Master Panchen had a wife.

She said frankly: "We were officially married. There is no reason why I cannot talk about it. I was born in Beijing in 1958. I am 31 years old now. I studied in the Shuguang Elementary School and the Beijing Girls' Middle School. I applied at the Xian Fourth Army Medical University. My entrance examination scores were the highest in the military and second highest in the nation. They called me 'the flower of the Orient' at school."

"The first time I met Great Master was in 1977, shortly after the Great Cultural Revolution. My grandfather Dong Qiwu led an inspection group of the National CPPCC on a tour to Sichuan. Great Master, who just came out of exile and was serving as a member of the Standing Committee of the National CPPCC, took the same trip to the west. I went to the railway station to see my grandfather off. That is where I saw Great Master. He had an imposing appearance. I was very impressed. I also noticed that he paid great attention to me. When he talked to my grandfather about his 10 years of suffering during the Cultural Revolution, he said that he had a wish after he survived the catastrophe. He wanted to find a woman who shared the same ideals with him, and he asked my grandfather to introduce someone to him. My grandfather promised to keep his eyes open for him, but he never thought about his own daughter's daughter. Later my grandfather's aide-de-camp Yin Fuliang [3009 4395 5328] told me that we should look for Great Master's desired marriage partner in the military. Since I was studying in a military medical university, he asked me if I could introduce a girl to him. I decided to help him, so I went to talk to Great Master in person and find out more about the situation. Little did I know that he fell in love with me at first sight. He told me: "I was in jail for 10 years because of the mistakes I committed, so they said. I have a very good intention for my country. I hope that I can do something for China, Tibet, and Buddhism. I also hope to do it with a woman companion who shares the same ideals. Let us get to know each other!" Through this talk, I found the sincere heart of Great Master! Only then did I realize that he had had his

mind on me for a long time and had been eager to make my acquaintance. I also found him attractive. So I quit the military medical university after 7 years of study and ran to Beijing. Now it sounds quite romantic!" As she said so, a beaming smile appeared for the first time on her sorrowful face.

"There were of course obstructions in my love affair and marriage with Great Master. I had to break through the obstructions and free myself from the shackles. It was a personal right and a legitimate demand. So we submitted official application requesting final permission. Around April and May of 1978, our application was finally approved. They said Deng Xiaoping approved it. Our wedding was held in the Beijing National Cultural Palace. The chief witness at the wedding ceremony was Xiarong Gabu [1115 5422 0867 1580], a Tibetan living buddha in Qinghai. He was standing committee member of the National CPPCC and vice chairman of the Qinghai Provincial CPPCC Committee. Also present at the wedding were Li Xiannian, Zhang Aiping, Yang Dezhi, Apei Awang Jinmei [7093 3099 7093 2489 2516 5019], Pingcuo Wangjie [1627 2238 2489 7132], and the revered Zhao Pu [6392 2613] (Zhao Puchu [6392 2613 0443], chairman of the Chinese Buddhist Association), and other celebrities. Before the wedding ceremony, we went to the neighborhood office, went through the marriage registration process, and had our marriage certificate. We were legally married."

In 1983, Great Master and I had a daughter. Great Master used to say when he was alive: "I cannot live without phoenix and pig. I happened to be born in the year of cock. Cock is phoenix. Our daughter was born in the year of hog. My Tibetan name is Deqian Wangmu, which means the mother of wisdom. My daughter's Tibetan name is Renji Wangmu [0088 0679 2489 1191] which means 'baby.'"

"After we married, I became his secretary as well as his wife. We were not only living companions but also business partners. Great Master and I were legal husband and wife, which was an historical fact. History must be respected. So it was only fair and reasonable for me to attend Great Master's memorial service in my legal capacity. Preventing me from attending the memorial service was wrong."

I interrupted: "I heard that a deputy director of the bureau of religious affairs is a hardline leftist. But to keep you from attending, he had to have a reason! Could it be because they thought it might hurt Great Master's image if they announced that he had been married? Or were they afraid that Tibetan believers might be upset?"

"One may come to this conclusion from an ultraleftist point of view," Li Jie said frankly. "In fact, announcing an official marriage is an open and honest thing to do. Open marriage is, after all, better than secret affairs. Whether I, Li Jie, attend the memorial service or not is not important. What is important is how to write the history of the historical figure of Great Master. We

cannot let some people say that he was married and others say he was not. If he was not married, did he have a child? It is much better to just admit that he was married. Why do we want to keep it a secret and leave later generations to find out? Take Dalai the Sixth for example. Some say he had a woman. Some say he had three women. As Great Master Panchen's wife and secretary, I have the duty and obligation to protect Great Master's reputation." Historical figures should be responsible to history. They must make sure that there is no loophole, no doubt, and no suspicion.

"Actually it is not against the rule of the religion for lamas to get married. Dalai Lama's elder brother, Jiale Dunzhu [0857 2867 7319 3796], was married. Dalai's younger brother was married too. They are all living buddhas. Monks are allowed to marry when they attain a certain level of religious attainment. Great Master was the reincarnation of Wuliangguang Buddha, who possessed emotional qualities. How is it that we did not break any religious rules during our 10 years of marriage but it had to be covered up after he passed away? I used to go out with Great Master when he was alive, and many places received me in the same way they received Great Master by displaying yellow banners. After Great Master passed away, Dalai Lama sent his elder brother Jiale Dunzhu to present wreaths and extend Dalai's regards: "We express sympathy to Madame and ask Madame to restrain your grief. Please take care of your health and child." Some people arbitrarily thought that Tibetans do not approve. As a matter of fact, many Tibetans regard me as "the mother of Tibet." They put forward four proposals at the symposium of the United Front Work Department: 1) It is a shame that news reports on the death of Great Master Panchen did not mention Deqian Wangmu. 2) Great Master Panchen worked too hard and died at a young age. His funeral must be properly arranged and his family must be taken care of. 3) Great Master's cause is part of the cause of our motherland and must be continued. 4) A golden stupa should be built in memory of Great Master. There is a saying in the mainland: "The people's eyes are discerning," which is very true. Some people dissuaded me from attending the memorial service, claiming that it was for my own good. But I know better what is good for me. They did not have to deliberately mystify things or act like they were smart. I know as long as I uphold the banner of national unity, respect religious freedom, and seek truth from facts, I can get the support of the masses."

"Mr Lu, you mentioned taking the situation as a whole into consideration as soon as you came in, which explains that you fully understand the background of

these things. It is actually quite simple. I am not an average housewife. I can never tolerate the violation of human rights. I insisted on attending Great Master's memorial service, and I did, which gave me a little comfort during my misfortune. I appreciate leadership's decision and was deeply touched by the scene of the memorial service. Many people shed tears of love for Great Master, including Hu Qili and Yan Mingfu [7051 2494 1788]. The revered Zhao Pu was especially heart broken by Great Master's early departure because they had respected each other for many years. Great Master visited the revered Pu every New Year's day or other festivals. On 8 January, the day before he left for Tibet, Great Master visited the revered Pu and personally delivered to him the invitation to the grand ceremony in Xigaze. He knew the revered Pu's health condition would not permit him to go to Tibet, but he did it out of courtesy. The revered Pu said that Great Master got along with everyone and was considerate to everybody, except to himself. He was faithful and straightforward. His friendship grew as time went by."

Li Jie emphasized: "Master Panchen was a great lama. He was also a man with feelings. He always requited ingratitude with kindness. Even when people hurt him badly, he still forgave them. Talking about taking the situation as a whole into consideration, Great Master Panchen was the best in doing so. What he considered was the whole situation of Chinese nation." I knew she was talking about Mao Zedong. While talking about Panchen's political views, she pointed out: "Great Master Panchen resolutely opposed the independence of Tibet and stood for safeguarding the integrity of China's sovereignty."

"Great Master Panchen devoted his whole life to the country, the people, and the religion. His self-interests were sacrificed for the good of the public. He shook his head and sighed at ultra-leftist practices, but he abhorred especially the separatist tendency. He worked his heart out during the past 40 years, and he did not let the motherland or Tibet down. I played a part in what Great Master had accomplished in the past. What he left behind, as well as needs still to be accomplished include: 1) the Advanced Tibetan Buddhist Institute; 2) Tibetan-Aid Foundation; 3) the Gangjian General Development Company (a trading enterprise affiliated with the Zhaxi Lhunbo Temple); and 4) the Songzan Hotel (estimated to be 20-stories high). These undertakings are conducive to the development of the country, nation, religion, and education. They are also in line with the requirements of the reform and opening up. I will carry out the behest of Great Master and follow the road he took. This is my duty and obligation as well as my right." The image of a superwoman automatically appeared in front of my eyes. [passage omitted]

## CENTRAL-SOUTH REGION

### **Hainan Meeting Discusses Nationality Work** *HK1706062789 Haikou Hainan Provincial Service in Mandarin 1000 GMT 15 Jun 89*

[Excerpts] The Hainan Provincial CPC Committee held an enlarged Standing Committee meeting yesterday to seriously study the question of implementing the party's nationality policy and further improving nationality work. Secretary Xu Shijie presided. [passage omitted]

Speeches were made at the meeting by Xu Shijie, Governor Liang Xiang, provincial party committee deputy secretary Liu Jianfeng, and leading comrades Wang Yuefeng, Wei Zefang, (Li Zhimin), Cao Wenhua, Meng Qingping, Xin Yejiang, Zou Erkang, and Dong Fanyuan. They pointed out that since minority nationalities account for one-sixth of Hainan's population, doing a good job in nationality work, strengthening unity between nationalities, speeding up economic development in nationality areas, and helping minority nationalities to extricate themselves from poverty and become rich are of great significance for consolidating and developing the province's political situation of stability and unity, and speeding up the development and construction of the Hainan special zone. The leaders at all levels and all departments must grasp nationality work as a major task. [passage omitted]

### **Guangdong Issues Regulations on Social Organizations**

*HK1606062789 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 14 Jun 89*

[Text] The Guangdong Provincial Regulations on Registration and Management of Social Organizations, adopted at the 30th meeting of the 6th Guangdong Provincial People's Congress Standing Committee, were officially promulgated on 20 January 1988 and put into effect on 1 April 1988.

A provincial government spokesman made a statement today calling on all localities to resolutely implement the regulations.

The following is the text of the Guangdong Provincial Regulations on Registration and Management of Social Organizations.

1. To protect the right of citizens to enjoy freedom of association according to law and safeguard the state, social, and public interests, the regulations are made in accordance with the state Constitution and law and in line with the actual situation in our province.
2. Social organizations subject to registration in accordance with the regulations refers to all nonprofit social organizations organized by units or individuals, with the exception of organizations and their affiliates set up by administrative organs and other institutions.

3. All social organizations must abide by the Constitution and the law [words indistinct] to the building of socialist material and spiritual civilization.

4. Government organs in charge of approving and registering social organizations are the provincial civil affairs department and civil affairs bureaus at the city and county levels.

5. All social organizations must have rules and should receive approval for their setting up from the relevant professional departments before lodging an application with the civil affairs departments. The application must include the organization's name, purpose, range of activities, work targets, resume of principal sponsors, number of members, name of the professional department in charge, address of the site or office, and the source of funds. A social organization should not declare itself established unless it is approved by the civil affairs department and is officially registered.

6. With regard to the limits of authority for approving the establishment of social organizations, those at the provincial level should apply for registration to the Provincial Civil Affairs Department after agreement from their professional departments in charge and those at city and county levels should apply to the local civil affairs departments after agreement from their professional departments in charge. Registration must be reported to the civil affairs departments at a higher level for record purposes. With regard to social organizations whose activities go beyond the limits of a city, their sponsors must apply for registration to the provincial civil affairs department after gaining consent from their professional departments in charge. Government organs, schools, enterprises, and institutions must report their social organizations which have been established with the consent of their responsible persons to the civil affairs departments at or above the county level for record purposes. Social organizations which have no connections with any departments in charge must apply for registration directly to the civil affairs department at or above the county level.

7. Social organization registration organs must make a written reply, affirmative or negative, to the applicants within 30 days of receipt of the application. Social organizations which are granted an application should be issued with a registration certificate.

8. The legitimate rights of registered social organizations are protected by state law. These social organizations should promote and participate in their own different social activities within the limits of their rules and have the right to arrange their own affairs and to appoint and remove their personnel.

9. Clandestine activities of association are prohibited. Any social organization which hinders social stability, is unfavorable to national unity, endangers state and social security, or violates article 3 of the regulations must be banned. Persons deprived of political rights according to law should not be members of any social organizations.

10. All social organizations which are established in accordance with the regulations should be subject to the guidance and management of their relevant departments in charge and to the supervision of social organization registration organs.

11. Should a social organization change its name, amalgamate, or be disbanded, it should report these alterations to the registration organs. Any change of principal leaders in a social organization should be reported to the social organization registration organs for record purposes.

12. Any social organization involved in the following will be warned, suspended, reorganized, disbanded, or even have its registration certificate revoked depending on the seriousness of the case: 1) if a social organization carries out its activities in the name of a social organization before it is officially registered; 2) if the activities of a social organization are beyond the limits of the purpose stated to the registration organs; 3) if a social organization hides the facts from the social organization registration organs or the departments in charge; 4) if a social organization does not report changes or its dissolution to the authorities concerned. Should leaders of a social organization not agree with the punishment

imposed they can bring the case to the people's court within 15 days of receipt of a penalty notice.

13. Should a social organization hamper state and social interests in its activities it will be outlawed by the people's government at or above the county level and its principal leaders will be affixed legal responsibility by judicial organs.

14. A social organization which is set up before the enforcement of the regulation should apply for registration within 60 days in accordance with Articles 5 and 6 of these regulations. Should it refuse to apply for registration within this period of time and continues its activities, it will be warned, suspended, reorganized, or even disbanded by the social organization registration office.

15. Details for enforcement of these regulations will be formulated by the provincial civil affairs department and will be implemented after approval by the provincial people's government.

16. These regulations will come into effect as of 1 April 1988.

**Industrial Park Set Up for Taiwan Investors**  
*HK0806081589 Hong Kong ZHONGGUO TONGXUN*  
*SHE in Chinese 0713 GMT 1 Jun 89*

[Report by reporter Zhang Suifeng 1728 4482 1496: "A Special District Within a Special Zone—Shenzhen's Huaxia Park Exclusively Set Up for Taiwan Investors"]

[Text] Hong Kong, 1 Jun (ZHONGGUO TONGXUN SHE)—"Huaxia Park in Shenzhen's Futian industrial district is a tax-free processing and export area, which is planned and managed according to Taiwan's Hsinchu Science Park and which is exclusively set up for Taiwan investors," said Ding Kaien, president of the Hong Kong-Taiwan Trade Promotion Association in charge of mapping out plans for Huaxia Park. He briefly summed up to this reporter the special features of the "special district within a special zone."

The Futian industrial district is situated to the north of Hong Kong's Lok Ma Chau and south of the Shenzhen section of the Guangzhou-Shenzhen-Zhuhai express highway. The first-phase project covers an area of about 18 million square feet, in which a piece of land covering 5 million square feet is planned by the Hong Kong-Taiwan Trade Promotion Association and is named Huaxia Park.

The western part of the Futian industrial district, in which Huaxia Park is located, will be jointly developed by the International Engineering Corporation in Shenzhen and Hingfai Industrial Development Co, Ltd in Hong Kong. Both are responsible for the construction of such infrastructure as leveling of land, roads, water supply, and electricity. Drainage, telecommunications, gas, post, and other facilities in the park are to be developed in an all-round way by the Yuen International Enterprise Group set up by Taiwan businessmen. The above-mentioned infrastructure is scheduled to be completed in 2 years.

The park will be completely administered according to international practice. In the early period, the industrial structure will be the integration of labor-intensive and technology-intensive industries and then make a gradual transition to a high science and technology industry centering on technology-intensive products. Ding Kaien said: In light of the practical needs of Taiwan businessmen, as well as the practical conditions on the mainland,

the projects imported in the initial period will focus on processing and export industries.

Why do we say this is a "special district within a special zone"? Ding Kaien said by way of explanation: Its uniqueness lies in the completely free flow of goods between the industrial district and Hong Kong without paying import and export tariffs or industrial and commercial tax. When entering or going out of the industrial district, foreigners, as well as compatriots from Hong Kong, Macao, and Taiwan, do not need visas or other documents (such as home visit permits, Taiwan compatriot certificates), which makes things very convenient. However, if you enter the other districts of Shenzhen from the industrial district, you will have to accept inspections by the customs and border checkpoints and you can also take your goods by paying overdue taxes.

Moreover, the industrial district can also directly use Hong Kong's ample electricity and convenient transport and communications networks and employ cheap labor from the Shenzhen Special Economic Zone, thus incorporating the strong points of both Hong Kong and the Shenzhen Special Economic Zone.

Since the beginning of this year, many groups of Taiwan businessmen have visited the Futian industrial district. Ding Kaien pointed out: Because Taiwan businessmen still do not have a good understanding of the mainland, they are often at a loss what to do when problems crop up in their individual investments on the Mainland. The pattern of developing Huaxia Park in a concentrated way may increase the confidence of investors. It also offers various services, such as giving counsel, making representations to and taking up matters with the departments concerned, and so on. Therefore, it has been favorably received.

Will the turbulent political situation caused by the student unrest in Beijing affect the economic and trade contracts between both sides of the strait? Ding Kaien did not deny that it would somewhat affect the confidence of investors. However, the fact that the Huaxia Park development plan was officially approved by the Shenzhen authorities in the last 10 days of May shows that economic reform and opening up have not been suspended or blocked as a result of the student unrest. Ding Kaien held that, no matter how the incident is to be solved, generally speaking, for the sake of the state future as a whole, the open policy should be more liberal and open instead of regressive.



**Damage to Business Confidence 'Immense'**

HK1106062189 Hong Kong SOUTH CHINA SUNDAY  
MORNING POST (China Special Supplement)  
in English 11 Jun 89 p 6

[Text] It will take months to assess the economic effects of the murderous suppression of the student protest in Tiananmen Square.

At present, China-related business is more or less at a standstill. Businessmen are waiting for a political outcome to the recent upheaval. While it is difficult to predict the impact on the economy with any certainty, it is clear that things will not go on in the same way as before.

The damage to business confidence has been immense and the future of Hong Kong's economic prosperity has once again been called into question, as indeed it always is in the face of a crisis.

There are few economies so precariously dependent on confidence as Hong Kong's. Perched on the bottom of the south China coastline, every reverberation on the mainland is felt with interest in Hong Kong.

Much depends on how the situation in China is resolved. The hard-liners appear to have gained the upper hand, but whoever wins the power struggle in China, a period of austerity will be necessary to deal with the country's raging inflation. This inevitably will mean slower growth for Hong Kong. The government is forecasting DGP [as published] growth of six percent for this year.

Hong Kong's economy has become increasingly closely tied to China's over the past four years. Hong Kong companies have invested U.S.\$2 billion in the Pearl River delta region over the past few years and employ between one and 1.5 million workers. These companies account for approximately half of the re-exports of China origin that come through Hong Kong and or 25 percent of Hong Kong's total re-exports at 1987 levels. In addition, these companies ship out goods worth \$140 billion to third countries—a sum which does not show up in the Hong Kong government trade figures. Hong Kong has been sold hard since the signing of the Sino-British Declaration as the gateway to China and also as the servicing centre for southern China. The idea is that multi-national companies attracted by the prospect of rich rewards in China set up regional offices in Hong Kong, thus creating demand for property, labour and services. This has already been happening.

Hong Kong has become a victim of its own success in that property prices have been reaching absurdly high levels, and labour has become expensive and difficult to get. At the same time, the effects of the brain-drain are being widely felt.

However, if things go sour in China, the Hong Kong-China story begins to unravel. Multi-nationals discouraged by the recent events in China, the high rents and high cost of labour, move their offices to a cheaper

environment. Investment in China slows, thus requiring the services, financial and legal, that back up these deals. Demand for office space falls, impacting on prices which in turn impacts on the stock market. In a worse-case scenario, the mainland Chinese might decide to restrict the open-door policy and keep foreigners out for a while. This would create difficulties for the Hong Kong factories across the border.

Companies would either go bust or, if they are big enough, would have to relocate either back in Hong Kong or elsewhere.

A shutdown of this nature would affect all business sectors in Hong Kong, financial services, retail, port and shipping, manufacturing, tourism, as well as other service industries.

Booming trade with China has made Hong Kong the world's busiest container port and seen the territory's container trade grow by as much as 14 percent.

Meredith, managing director of Hong Kong International Terminals, estimates from government statistics that nearly 50 percent of Hong Kong's container traffic is a result of trade to or from China.

"A large percentage of the products being shipped are related to production in the Guangdong/Shenzhen areas, and this is dependent on the ability to keep the border open and trucks moving through," he said.

Industry experts say the political turmoil in China could have severe long-term ramifications for the construction sector in Hong Kong.

Projects in both China and Hong Kong could be scrapped or scaled back if China's recently-opened door slams shut.

According to Gerritt de Nys, deputy chairman and chief executive of Shui On Contractors, which is involved in several joint-venture projects in China, "the question is whether or not foreign investors will continue to put money into these partially-completed projects".

"With potential projects it's the same story—whether foreigners will have the confidence to pour money into China.

"My guess is that people will take a long time before they decide to commit more money there. People have lost all confidence in China—the Chinese have lost their credibility."

As for tourism, a spokesman for Cathay Pacific said the airline was starting to see cancellations from the U.S., Japan, and Europe. Local hoteliers have reported more cancellations.

The potential effects on tourism in Hong Kong "are first a question of what happens in China and here", said Rod Eddington, commercial director for Cathay Pacific.

"It depends on whether it becomes a temporary problem or a long-term one," he said.

Mr Eddington said that many tourists equate political instability in China with political instability in Hong Kong, not because of the political realities of 1997 but through force of sentiment and confusion over geographical realities.

Hong Kong has weathered political and economic storms in the past and still managed to maintain one of the world's fastest growth rates since the end of World War II.

The economy managed an average annual growth rate of 9.5 percent in Gross Domestic Product between 1961-1982. It has bounced back from the banking crisis in 1966, the riots of 1967, the collapse of the property market in 1982 and several stock market crashes.

The story of its phenomenal success is well known. The flight of labour, capital, and industrialists to Hong Kong ahead of Mao's conquering red army in 1949 provided the resources for the territory's subsequent industrialisation.

The period from 1950 to the mid-1970s saw the development of a thriving export-led economy driven by light industries such as garments, textiles, plastics, electronics and watches. Industries were labour intensive requiring relatively low technology and small amounts of capital. This was the sweatshop era.

**China Investors Taking 'Wait-and-See' Attitude**  
*HK0306070989 Hong Kong HONGKONG STANDARD (BUSINESS STANDARD) in English 3 Jun 89 p 1*

[By Lotte Chow]

[Text] Hong Kong manufacturers with operations in China appear undaunted by the recent political unrest on the mainland and are taking a wait-and-see attitude, a survey of an 1,800-member industrial group here reveals.

A survey by the Federation of Hong Kong Industries [FHKI] indicated that despite massive student protests for democracy and an uncertain stock market, Hong Kong businessmen preferred not to change their company strategies in China at this time.

"Based on our survey, no major instant impact of China's student movement on the local industrialists' businesses has been revealed yet," said Teddy Ip, head of the Economic and Marketing Research Division of the FHKI.

"Most of them are just waiting for future developments in Beijing," he said.

Conducted last week, the survey interviewed 66 merchants who were selected randomly from the FHKI membership.

Most were from industries such as metal and machinery, textile and garments, construction and electronics, printing and toys.

The respondents were all management level executives or company directors, Mr Ip said.

"We asked several standard questions and then explored the possibilities of follow-ups," he said.

Although the survey predicted no major change in the businessmen's policies toward China in the short run, Mr Ip was quick to point out that future investment by these merchants would still depend on the outcome of China's student movement.

"Prolonged instability in China would definitely result in the withdrawal of foreign capital from China," he said.

"Until we have a clear picture, businessmen and investors are taking a wait-and-see attitude."

Based on the survey, FHKI officials nevertheless estimate that about 10 percent of the local manufacturers who had business deals in China [had] already adjusted their strategies, such as freezing capital.

Since the student movement, about 10 percent of Hong Kong-based China investors have also reported to have experienced problems in their China operations, such as investment plans on hold and lowered employee morale, the survey states.

"The key impact of China's unrest is that the country is now perceived as a political risk by foreign investors," Mr Ip remarked.

However, two management executives whose companies have operations in China remain upbeat and optimistic.

"Basically, because all of our operations are in south China, the impact of the student protests has been slight," said Brenda Lee, senior manager of administration and human resources at Gold Peak Industries Group.

The group has 10 operations manufacturing batteries, car audio equipment, electronic parts and components in Hui Zhou and it hires about 3,000 employees.

"Because China has adopted an open-door policy, I don't think it's going to go back and close its doors to business and foreign investment," Mrs Lee said.

She added that from what she had heard, the current situation in Beijing was not as bad as the media had reported.

Dick Chow, general manager of Benelux Manufacturing Ltd, which has two assembly plants in south China, agreed with Mrs Lee.

"They (the protests) have not affected our operations at all, and we don't think they will," he said.

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